EXHIBIT 2

As filed with the Securities and Exchange Commission on April 18, 2007

File No. 333-102461
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [x]

Pre-Effective Amendment No. [ ]

Post-Effective Amendment No. 6 [x]

and

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [x]

Amendment No. 7 [x]

THE MERGER FUND VL

(Exact Name of Registrant as Specified in Charter)
100 Summit Lake Drive
Valhalla, New York 10595

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (914) 741-5600

Frederick W. Green, President THE MERGER FUND VL 100 Summit Lake Drive Valhalla, New York 10595	Copy to:	William H. Bohnett Fulbright & Jaworski L.L.P. 666 Fifth Avenue New York, NY 10103

(Name and Address of Agent for Service)

It is proposed that this filing will become effective (check appropriate box):

[x]	Immediately upon filing pursuant to paragraph (b)	[ ]	On (date) pursuant to paragraph (b)
[ ]	60 days after filing pursuant to paragraph (a)(1)	[ ]	On (date) pursuant to paragraph (a)(1)
[ ]	75 days after filing pursuant to paragraph (a)(2)	[ ]	On (date) pursuant to paragraph (a)(2) of Rule 485

If appropriate, check the following box:

[ ] This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

The Merger Fund VL

100 Summit Lake Drive
Valhalla, New York 10595

April 18, 2007

PROSPECTUS

Investment Adviser
Westchester Capital Management, Inc.

The Securities and Exchange Commission has not approved or disapproved of these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

Shares of the Fund are not offered directly to the general public. The Fund's shares are currently offered only to separate accounts funding variable annuity and variable life insurance contracts issued by participating life insurance companies ("Contracts"). Due to the differences in tax treatment and other considerations, the interests of the various Contract owners may conflict. The Fund's Board of Trustees will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict. The Contracts are described in the separate prospectuses issued by the participating insurance companies, as to which the Fund assumes no responsibility. This Prospectus should be read in conjunction with the prospectus of the Contracts. This Prospectus is designed to help you make an informed decision about one of the funds that is available to you.

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RISK/RETURN SUMMARY

Investment Objective:

The Merger Fund VL (the "Fund") seeks to achieve capital growth by engaging in merger arbitrage.

Principal Investment Strategy:

Under normal market conditions, the Fund will invest at least 80% of its assets principally in the equity securities of companies which are involved in publicly announced mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations. Merger arbitrage is a highly specialized investment approach generally designed to profit from the successful completion of such transactions. Westchester Capital Management, Inc. (the "Adviser") believes that the Fund's investment results should be less volatile than the returns typically associated with conventional equity investing.

Principal Investment Risks:

The principal risk associated with the Fund's merger-arbitrage investment strategy is that certain of the proposed reorganizations in which the Fund invests may be renegotiated or terminated, in which case losses may be realized. The Fund's investment strategy may result in short-term capital appreciation. This can be expected to increase the portfolio turnover rate, which may adversely affect the Fund's performance, and cause increased brokerage commission costs. More rapid portfolio turnover also would expose any taxable shareholders to a higher current realization of capital gains and a potentially larger current tax liability. The Fund is not a "diversified" fund within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act"). Accordingly, the Fund may invest its assets in a relatively small number of issuers, thus making an investment in the Fund potentially more risky than an investment in a diversified fund which is otherwise similar to the Fund. Loss of money is a risk of investing in the Fund.

Who Should Invest in the Fund:

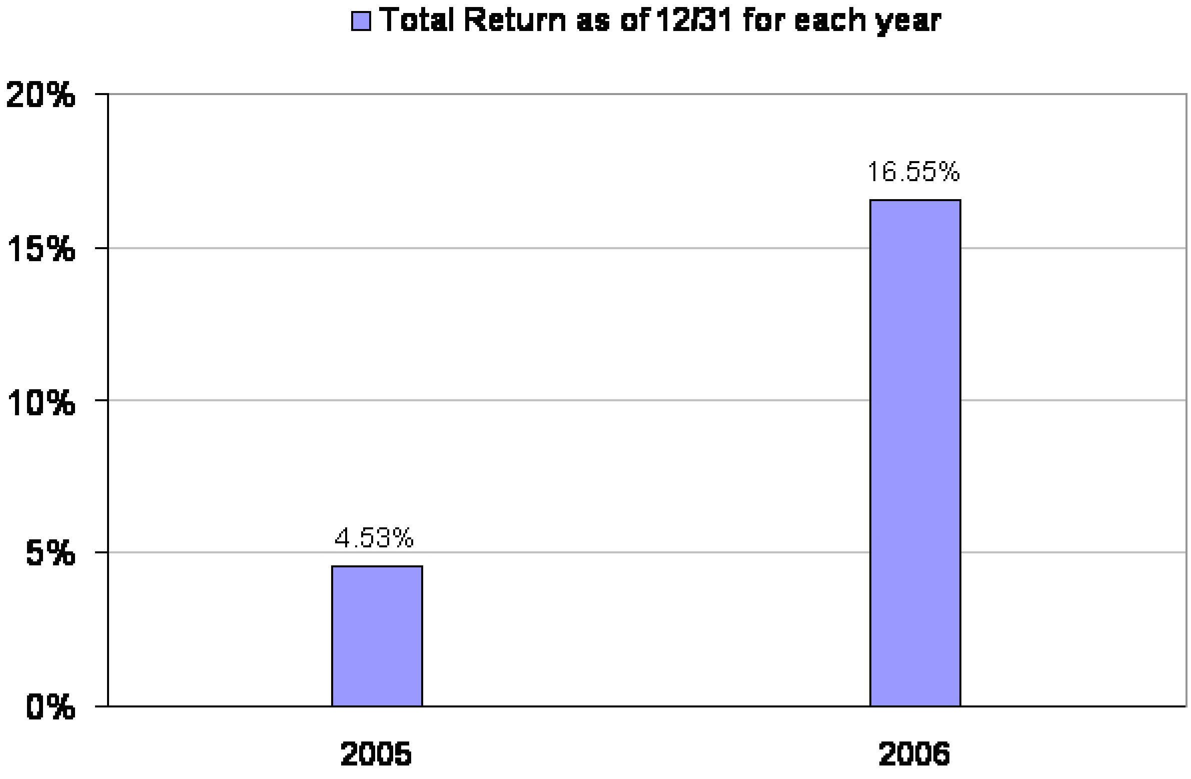
The Fund is not intended to provide a balanced investment program. The Fund is intended to be an investment vehicle only for that portion of an investor's capital which can appropriately be exposed to risk. Each investor should evaluate an investment in the Fund in terms of the investor's own investment goals. Shares of the Fund are not offered directly to the general public. The Fund is currently available only to separate accounts funding variable annuity and variable life insurance contracts issued by participating life insurance companies ("Contracts"). Due to the differences in tax treatment and other considerations, the interests of the various Contract owners may conflict. The Fund's Board of Trustees will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict.

Closing/Opening the Fund:	The Fund reserves the right to close to new investors at any time. The Adviser may open or close the Fund to maintain its assets at a level believed to be optimal for the Fund in attempting to achieve its investment objective.

BAR CHART AND PERFORMANCE TABLE

The bar chart and table shown below indicate the risks of investing in the Fund but do not reflect the deduction of taxes that a shareholder would pay on distributions or redemptions. The bar chart shows the performance of the Fund's shares over a one-year period. The table following the bar chart shows how the Fund's average annual returns for the listed period compare to those of the S&P 500, a widely used composite index of 500 publicly traded stocks.

The Fund's past performance does not necessarily indicate how the Fund will perform in the future.



The Fund commenced operations on May 26, 2004. Its non-annualized total return from inception through December 31, 2004 was 6.00%.

During the two-year period shown in the above chart, the highest quarterly return was 5.75% (for the quarter ended March 31, 2006) and the lowest quarterly return was (0.71)% (for the quarter ended December 31, 2005).

Average annual total returns
for the year ended December 31, 2006

	Past 1 Year	Life of Fund
Return Before Taxes	16.55%	10.34%
Return After Taxes on Distributions	12.68%	8.75%
Return After Taxes on Distributions and Sale of Fund Shares	10.76%	7.96%
S&P 500 Index (reflects no deduction for fees, expenses or taxes)	15.79%	11.74%

After-tax returns are calculated using the historical highest individual federal marginal income tax rate and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements. Return After Taxes on Distributions measures the effect of taxable distributions, but assumes the underlying shares are held for the entire period. Return After Taxes on Distributions and Sale of Fund Shares shows the effect of both taxable distributions and any taxable gain or loss that would be realized if the underlying shares were purchased at the beginning and sold at the end of the period (for purposes of the calculation, it is assumed that income dividends and capital gain distributions are reinvested at NAV and that the entire account is redeemed at the end of the period, including reinvested amounts).

FEES AND EXPENSES

As an investor, you may pay certain fees and expenses if you buy and hold shares of the Fund. These fees are described in the table below and further explained in the example that follows. There are no shareholder fees assessed by the Fund, although you may be assessed additional fees under your separate Contracts. The table below and the example that follows do not include fees and charges that you may be assessed under your separate Contracts. If these fees and charges were included, the Fund's operating expenses would be higher. For information on those fees, please refer to the applicable Contract prospectus.

SHAREHOLDER FEES (fees paid directly from your account)	
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	N/A
Maximum Deferred Sales Charge (Load) (as a percentage of offering price)	N/A
Maximum Sales Charge (Load) Imposed on Reinvested Dividends and Other Distributions (as a percentage of offering price)	N/A
Redemption Fee (as a percentage of amount redeemed) on shares held less than 30 days	None
Exchange Fee	None

ANNUAL FUND OPERATING EXPENSES (expenses that are deducted from Fund assets)	
Management Fees	1.25%
Distribution and Service (12b-1) Fees	None
Other Expenses, Including Dividends on Short Positions and Interest Expense	6.81%
Total Annual Operating Expenses	8.06%
Less Dividends on Short Positions and Interest Expense	2.03%
Total Annual Operating Expenses, Less Dividends on Short Positions and Interest Expense	6.03%
Less Expense Reimbursement(1)	4.63%
Net Annual Operating Expenses	1.40%

(1) The Adviser has contractually agreed to absorb expenses of the Fund and/or waive fees due to the Adviser in order to ensure that total Fund operating expenses, excluding dividends on short positions and interest expense, on an annual basis do not exceed 1.40%. This contract expires July 1, 2013, but may be annually renewed by mutual agreement thereafter. The Adviser may recapture some or all of the amounts it waives or absorbs on behalf of the Fund over a period of three years if it is able to do so without causing Fund operating expenses, excluding dividends on short positions and interest expense, to exceed the 1.40% cap.

Example: This example is intended to help compare the cost of investing in the Fund with the cost of investing in other mutual funds. This example does not include fees and charges that you may be assessed under your separate Contracts. If these fees and charges were included, your costs would be higher. This example assumes that:

(1) you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods,

(2) your investment has a 5% return each year, and

(3) all dividends and distributions have been reinvested, and the Fund operating expenses remain the same.

Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 year	***3 years***	***5 years***	***10 years****
$143	$443	$766	$4,237

* Excludes effect of fee waiver in years eight, nine and ten.

INVESTMENT OBJECTIVES AND POLICIES

The Fund's investment objective of achieving capital growth by engaging in merger arbitrage is a fundamental policy, which may not be changed without shareholder approval. Except as otherwise stated, the Fund's other investment policies are not fundamental and may be changed without obtaining approval by the Fund's shareholders. While the Fund makes every effort to achieve its objective, there is no guarantee that the Fund will do so. The Fund's investment adviser is Westchester Capital Management, Inc. (the "Adviser").

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its total assets principally in the equity securities of companies which are involved in publicly announced mergers, takeovers and other corporate reorganizations ("merger-arbitrage investments"). The Fund will not change this policy without providing shareholders with 60 days' advance written notice. Depending upon the level of merger activity and other economic and market conditions, the Fund may temporarily invest a substantial portion of its assets in cash or cash equivalents, including money market instruments such as Treasury bills and other short-term obligations of the United States Government, its agencies or instrumentalities; negotiable bank certificates of deposit; prime commercial paper; and repurchase agreements with respect to the above securities. The Fund may also invest in various types of corporate debt obligations as part of its merger-arbitrage strategy or otherwise. See "Investment Objectives and Policies" in the Statement of Additional Information.

Merger arbitrage is a highly specialized investment approach generally designed to profit from the successful completion of proposed mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations and other types of corporate reorganizations. Although a variety of strategies may be employed depending upon the nature of the reorganizations selected for investment, the most common merger-arbitrage activity involves purchasing the shares of an announced acquisition target at a discount to their expected value upon completion of the acquisition.

The Adviser believes the Fund's investment results should be less volatile than the returns typically associated with conventional equity investing. While some periods will be more conducive to a merger-arbitrage strategy than others, a systematic, disciplined arbitrage program may produce attractive rates of return, even in flat or down markets.

In making investments for the Fund, the Adviser is guided by the following general principles:

(1) Securities are purchased only after a reorganization is announced or when one or more publicly disclosed events point toward the likelihood of some type of reorganization within a reasonable period of time;

(2) Before an initial position is established, a preliminary analysis is made of the proposed transaction to determine the probability and timing of a successful completion. A more detailed review then takes place before the position is enlarged;

(3) In deciding whether or to what extent to invest in any given reorganization, the Adviser places particular emphasis on the credibility, strategic motivation and financial resources of the participants, and the liquidity of the securities involved in the transaction;

(4) The risk-reward characteristics of each arbitrage position are assessed on an ongoing basis, and the Fund's holdings may be adjusted accordingly;

(5) The Adviser attempts to invest in as many attractive reorganizations as can be effectively monitored in order to minimize the impact on the Fund of losses resulting from the termination of any given proposed transaction; and

(6) The Adviser may invest the Fund's assets in both negotiated, or "friendly," reorganizations and non-negotiated, or "hostile," takeover attempts, but in either case the Adviser's primary consideration is the likelihood that a transaction will be successfully completed.

The Fund may employ various hedging techniques, such as short selling and the purchase and sale of put and call options. The Adviser believes that, when used for hedging purposes, short sales and option transactions should be viewed less as speculative strategies than as techniques to help protect the assets of the Fund against unfavorable market conditions that might otherwise adversely affect certain of its investments. Nonetheless, a substantial percentage of the investments made by the Fund may not lend themselves to hedging strategies and, even when available, such strategies may not be successful. *See Short Sale Risks and Put and Call Options Risks*.

• *Short Selling*: The Fund may sell securities short, primarily as a hedging technique, in conjunction with one or more of arbitrage strategies. For example, when the terms of a proposed acquisition call for the exchange of stock, the shares of the company to be acquired may be purchased and, at approximately the same time, an equivalent amount of the acquiring company's shares may be sold short. The Fund will make these short sales with the intention of later closing out ("covering") the short position with the shares of the acquiring company received when the acquisition is consummated. The purpose of the short sale is to protect against a decline in the market value of the acquiring company's shares prior to the acquisition's completion. At all times when the Fund does not own securities which are sold short, the Fund will maintain collateral consisting of cash, cash equivalents and liquid securities equal in value on a daily marked-to-market basis to the securities sold short.

• *Put and Call Options*: As part of its merger-arbitrage strategy, the Fund may engage in various transactions involving put a call options. For hedging purposes, for example, the Fund may purchase put options or sell ("write") call options. A put option is a short-term contract which gives the purchaser of the option, in return for a premium paid, the right to sell the underlying security at a specified price upon exercise of the option at any time prior to the expiration of the option. The market price of a put option will normally vary inversely with the market price of the underlying security. Consequently, by purchasing put options on securities which the Fund holds or has the prospective right to receive, it may be possible for the Fund to partially offset any decline in the market value of these securities. A call option is a short-term contract entitling the purchaser, in return for a premium paid, the right to buy the underlying security at a specified price upon exercise of the option at any time prior to its expiration. The market price of a call option will, in most instances, move in conjunction with the price of the underlying security. The premiums received by the Fund from the sale of call options may be used by the Fund to reduce the risks associated with individual investments and to increase total investment return.

• *Leverage Through Borrowing*: The Fund may borrow from banks to increase its portfolio holdings of securities on a secure or unsecured basis at fixed or variable interest rates. When borrowing money, the Fund must follow specific guidelines under the 1940 Act, which allow the Fund to borrow an amount equal to as much as 50% of the value of its net assets (not including the amount borrowed). The Fund also may borrow money for temporary or emergency purposes, but these borrowings, together with all other borrowings, may not exceed 33% of the value of the Fund's gross assets at the time the loan is made.

• *Temporary Defensive Positions and Cash Investments*: The Fund may from time to time invest a significant portion of its assets in cash or cash equivalents. The Fund may not achieve its investment objective during those periods when it engages in such a defensive strategy.

• *Investments in Foreign Securities*: The Fund is permitted to hold both long and short positions in foreign securities Investments in foreign companies involved in pending mergers, takeovers and other corporate reorganizations may entail political, cultural, regulatory, legal and tax risks different from those associated with comparable transactions in the United States. In addition, the dividends and interest payable on certain foreign securities may be subject to foreign withholding taxes. Also, in conjunction with its investments in foreign securities, the Fund normally attempts to hedge its exposure to foreign currencies. Such hedging activities involve additional expenses and, in the case of reorganizations that are terminated, the risk of loss when the currency hedge is unwound.

• *Portfolio Holdings*: A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the Fund's Statement of Additional Information. Currently, disclosure of the Fund's holdings is required to be made quarterly within 60 days of the end of each fiscal quarter, in the Annual Report and Semi-Annual Report to Fund shareholders and in the quarterly holdings report on Form N-Q. The Annual and Semi-Annual Reports are available by contacting The Merger Fund VL c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or calling (800) 343-8959.

INVESTMENT RISKS

The Fund's investment strategy involves investment techniques and securities holdings that entail risks, in some cases different from the risks ordinarily associated with investments in equity securities.

- *Merger Arbitrage Risks*: The principal risk associated with the Fund's merger-arbitrage investments is that certain of the proposed reorganizations in which the Fund invests may be renegotiated or terminated, in which case the Fund may lose money. If a transaction takes a longer time to close than the Adviser originally anticipated, the Fund may realize a lower-than-expected rate of return.

- *Non-Diversification Risks*: Because the Fund's assets are invested in a smaller number of companies, there is a somewhat greater risk associated with investment in the Fund than there would be if investing in a diversified investment company. Non-diversification makes the value of the Fund's shares more susceptible to adverse developments affecting any single position and the greater losses that may result.

- *High Portfolio Turnover Risks*: Due to the nature of the Fund's merger-arbitrage strategy, a substantial percentage of th Fund's investments may be held for relatively short periods of time. Shorter holding periods, in turn, result in higher portfolio turnover and increased brokerage commission costs.

- *Short Sale Risks*: Although the Fund engages in short selling primarily to hedge against the market-related risks associat with certain of its merger-arbitrage investments, it is possible that, under certain circumstances, such short sales may result in increased losses to the Fund. For example, if a proposed stock-for-stock acquisition in which the Fund holds a hedged investment position is terminated, the Fund will be required to cover its short position in the acquiring company's shares by purchasing the shares in the open market, and the prices paid by the Fund may be above the prices realized when the shares were sold short.

- *Put and Call Options Risks*: Option transactions involve special risks. Because option premiums are influenced by market conditions and developments affecting the underlying security, the price movements of the option and the security may be less closely correlated than expected, in which case it may not be possible for the Fund to close out an option position prior to expiration at a favorable price. The lack of a liquid secondary market may also make it difficult to effect closing option transactions. In addition, the option activities of the Fund may increase its portfolio turnover rate and the amount of brokerage commissions paid by the Fund.

- *Borrowing Risks*: The Fund's borrowing activities will exaggerate any increase or decrease in the net asset value of the Fund. In addition, the interest which the Fund must pay on borrowed money, together with any additional fees to maintain a line of credit or any minimum average balances required to be maintained, are additional costs which will reduce or eliminate any net investment profits. Unless profits on securities acquired with borrowed funds exceed the costs of borrowing, the use of borrowing will diminish the investment performance of the Fund compared with what it would have been without borrowing.

- *Corporate Debt Obligations*: Although generally not as risky as equity securities of the same issuer, debt securities may fluctuate in value due to changes in interest rates and other general economic conditions, industry fundamentals, market sentiment and the issuer's operating results, balance sheet and credit ratings. The market value of convertible debt securities will also be affected to a greater or lesser degree by changes in the price of the underlying equity securities, and the Fund may attempt to hedge certain of its investments in convertible debt securities by selling short the issuer's common stock. The market value of debt securities issued by companies involved in pending corporate mergers and takeovers may be determined in large part by the status of the transaction and its eventual outcome, especially if the debt securities are subject to change-of-control provisions that entitle the holder to be paid par value or some other specified dollar amount upon completion of the merger or takeover. Accordingly, the principal risk associated with investing in these debt securities is the possibility that the transaction may not be completed.

INVESTMENT ADVISER

Westchester Capital Management, Inc., 100 Summit Lake Drive, Valhalla, New York 10595, a registered investment adviser since 1980, is the Fund's investment adviser. Westchester Capital Management, Inc. and its affiliates also manage merger-arbitrage programs for other institutional investors, including The Merger Fund, a registered open-end investment company; offshore funds; and private limited partnerships. Subject to the authority of the Fund's Board of Trustees, the Adviser is responsible for the overall management of the Fund's business affairs. The management fee charged the Fund by the Adviser is higher than those typically paid by other mutual funds. This higher fee is attributable in part to the higher expense incurred by the Adviser and the specialized skills required to manage a portfolio of merger-arbitrage investments. The Adviser is entitled to receive from the Fund an advisory fee of 1.25% of the Fund's average daily net assets. The Adviser waived this fee for the most recent fiscal year pursuant to the Amended and Restated Expense Waiver and Reimbursement Agreement described below. The Adviser and/or the Fund may pay a fee to various investment professionals for shareholder services. A discussion regarding the basis for the Board of Trustees approving the investment advisory contract is available in the Fund's semi-annual report to shareholders.

Frederick W. Green has served as President of the Adviser since 1980 and also serves as the President and a Trustee of the Fund. Mr. Green and Bonnie L. Smith were primarily responsible for the day-to-day management of the Fund's portfolio from 2004 until January 2007. Effective as of January 2007, Mr. Green, Mr. Michael T. Shannon and Mr. Roy D. Behren are primarily responsible for the day-to-day management of the Fund's portfolio. Mr. Shannon served as the Adviser's Director of Research from May 1996 until April 2005, and has served as a research analyst and portfolio strategist for the Adviser since May 2006. From April 2005 to April 2006, Mr. Shannon was Senior Vice President in charge of the Special Situations and Mergers Group of D.E. Shaw & Co. Mr. Shannon has served as a portfolio manager for the Fund since January 2007. Mr. Behren has served as a research analyst for the Adviser since 1994 and as the Adviser's Chief Compliance Officer since 2004, and has served as a portfolio manager for the Fund since January 2007. Mr. Behren also serves as Chief Compliance Officer of the Fund.

The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund.

Investment Advisory Fee and Other Expenses. For its services, the Adviser is entitled to a fee, which is calculated daily and paid monthly, at an annual rate of 1.25% of the Fund's average daily net assets. The Adviser has signed an Amended and Restated Expense Waiver and Reimbursement Agreement, which contractually requires the Adviser to either waive fees due to it or subsidize various operating expenses of the Fund so that the total annual Fund operating expenses do not exceed 1.40%, excluding dividends on short positions and interest expense, of the average daily net assets of the Fund. The Agreement expires on July 1, 2013, but may be renewed annually by mutual agreement. The Agreement permits the Adviser to recapture any waivers or subsidies it makes only if the amounts can be recaptured within three years without causing the Fund's total annual operating expenses, excluding dividends on short positions and interest expense, to exceed the applicable cap.

DISTRIBUTION, PURCHASE AND REDEMPTION PRICE

Currently, shares of the Fund are not sold to the general public. Fund shares are offered for purchase by separate accounts to serve as an investment medium for Contracts issued by participating insurance companies. Purchase and redemption orders are placed only by participating insurance companies. The participating insurance companies that issued the Contracts are responsible for investing in the Fund according to the investment options chosen by the investors in the Contracts. Investors in the Contracts should consult their Contract prospectus for additional information.

The price at which a purchase or redemption is effected is based on the next calculation of net asset value after an order for purchase or redemption is received by the Fund. All purchases received before 4:00 p.m. (Eastern Time) will be processed on that same day. Purchases received after 4:00 p.m. will receive the next business day's net asset value per share. The redemption price may be more or less than the shareholder's cost.

All redemption requests will be processed and payment with respect thereto normally will be made within seven days after receipt by the Fund. The Fund may suspend redemptions, if permitted by the 1940 Act, for any period during which the New York Stock Exchange ("NYSE") is closed or during which trading is restricted by the Securities and Exchange Commission ("SEC") or during which the SEC declares that an emergency exists. Redemptions may also be suspended during other periods permitted by the SEC for the protection of the Fund's shareholders.

The Board of Trustees has adopted policies and procedures applicable to the separate accounts with respect to frequent purchases and redemptions of Fund shares by Fund shareholders. The Fund discourages, and does not accommodate, frequent purchases and redemptions of Fund shares by Fund shareholders. The Fund restricts or rejects such trading or takes other action if, in the judgment of the Adviser or the Fund's transfer agent, such trading may interfere with the efficient management of the Fund's portfolio, may materially increase the Fund's transaction costs, administrative costs or taxes, or may otherwise be detrimental to the interests of the Fund and its shareholders. While the Fund (directly and with the assistance of its service providers) identifies and restricts frequent trading, there is no guarantee that the Fund will be able to detect frequent purchases and redemptions or the participants engaged in such activity, or, if it is detected, to prevent its recurrence. The Fund's policies and procedures are separate from, and in addition to, any policies and procedures applicable to Contract transactions.

The Board recognizes that the Fund must rely on the insurance company to both monitor frequent purchases and redemptions and attempt to prevent it through its own policies and procedures with respect to the Contracts. The Fund receives purchase and sale orders through financial intermediaries and cannot always detect frequent trading that may be facilitated by the use of such intermediaries or by the use of group or omnibus accounts maintained by those intermediaries. Purchase and redemption transactions submitted to the Fund by insurance company separate accounts reflect the transactions of multiple variable product owners whose individual transactions are not disclosed to the Fund. In situations in which the Fund becomes aware of possible market timing activity, it will notify the insurance company separate account in order to help facilitate the enforcement of its market timing policies and procedures. These policies will be applied uniformly to all insurance companies. However, there is no assurance that the insurance company will investigate or stop any activity that proves to be inappropriate. There is a risk that the Fund's and insurance company's policies and procedures will prove ineffective in whole or in part to detect or prevent frequent trading. Whether or not the Fund or the insurance company detects it, if market timing activity occurs, then you should anticipate that you will be subject to the disruptions and increased expenses discussed above.

Anti-Money Laundering Compliance

The Fund is required to comply with various anti-money laundering laws and regulations. Consequently, the Fund may request additional information from you to verify your identity and source of funds. As requested on the application, you must supply your full name, date of birth, social security number and permanent street address. Mailing addresses containing only a P.O. Box will not be accepted. If the Fund determines that the information submitted does not provide for adequate identity verification, it reserves the right to reject any purchase. If at any time the Fund believes an investor in a Contract may be involved in suspicious activity or if certain account information matches information on government lists of suspicious persons, it may choose not to establish a new account or may be required to "freeze" an account. It also may be required to provide a governmental agency or another financial institution with information about transactions that have occurred in an account or to transfer monies received to establish a new account, transfer an existing account or transfer the proceeds of an existing account to a governmental agency. In some circumstances, the law may not permit the Fund to inform the shareholder that it has taken the actions described above.

Shares of the Fund have not been registered for sale outside the United States. The Fund generally does not sell shares to investors residing outside the United States, even if they are United States citizens or lawful permanent residents, except to investors with United States military APO or FPO addresses.

NET ASSET VALUE

The net asset value per share of the Fund will be determined on each day when the NYSE is open for business at the close of the NYSE and will be computed by determining the aggregate market value of all assets of the Fund less its liabilities, and then dividing by the total number of shares outstanding. On holidays or other days when the NYSE is closed, the net asset value is not calculated, and the Fund does not transact purchase or redemption requests. On those days, however, the value of the Fund's assets may be affected to the extent that the Fund holds foreign securities that trade on foreign markets that are open. From time to time, the Fund may employ fair-value pricing to value securities for which market quotations are not readily available or for which market quotations are believed to be unrepresentative of fair market value. The determination of net asset value for a particular day is applicable to all requests for the purchase of shares as well as all requests for the redemption of shares received at or before the close of trading on the NYSE on that day. The NYSE is regularly closed on Saturdays and Sundays and on New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

Portfolio securities and options positions for which market quotations are readily available are stated at the Nasdaq Official Closing Price or the last sale price reported by the principal exchange for each such security as of the exchange's close of business, as applicable. Securities and options for which no sale has taken place during the day and securities which are not listed on an exchange are valued at the mean of the current closing bid and asked prices. All other securities and assets for which (a) market quotations are not readily available, (b) market quotations are believed to be unrepresentative of fair market value or (c) valuation is normally made at the last sale price on a foreign exchange and a significant event occurs after the close of that exchange but before the NYSE close, are valued at their fair value as determined in good faith by the Fund's Adviser acting pursuant to the direction of the Board of Trustees. Certain assets of the Fund may also be valued on the basis of valuations provided by one or more pricing services approved by or on behalf of the Board of Trustees.

When fair-value pricing is employed, the prices of securities used by the Fund to calculate its NAV may differ from quoted or published prices for the same securities. In addition, due to the subjective and variable nature of fair-value pricing, it is possible that the value determined for a particular asset may be materially different from the value realized upon such asset's sale. The Adviser will include any fair-value pricing of securities in a written report to the Board of Trustees for their consideration and approval on a quarterly basis.

TAX STATUS, DIVIDENDS AND DISTRIBUTIONS

The Fund intends to qualify each year as a "regulated investment company" under the Internal Revenue Code of 1986, as amended (the "Code"). By so qualifying, the Fund will generally not be subject to federal income tax to the extent that its net investment income and net realized capital gains are distributed to Contracts at least annually. In addition, the Fund does not expect to be subject to federal excise taxes with respect to undistributed income. Further, the Fund intends to meet certain diversification requirements applicable to mutual funds underlying variable life insurance and variable annuity contracts. If the Fund fails to meet such diversification requirements, income with respect to Contracts invested in the Fund at any time during the calendar quarter in which the failure occurred could become currently taxable to the owners of the Contracts and income for prior periods with respect to such Contracts also could be taxable, most likely in the year of the failure to achieve the required diversification. Other adverse tax consequences could also ensue.

Because the shareholders of the Fund are the Contracts, Code provisions applicable to Contracts apply. For more information concerning the federal income tax consequences to the owners of Contracts, see the separate prospectus for such Contracts and consult a tax advisor.

MIXED AND SHARED FUNDING

The Fund was originally established exclusively for the purpose of providing an investment vehicle for insurance company separate accounts in connection with variable annuity contracts or variable life insurance policies issued by Metropolitan Life Insurance Company of Connecticut (formerly known as The Travelers Insurance Company) or MetLife Life and Annuity Company of Connecticut (formerly known as The Travelers Life and Annuity Company).

However, under an order granted by the SEC on March 8, 2004, the Fund is permitted to engage in "mixed and shared funding" (the "Mixed and Shared Funding Order"). This allows the Fund to sell shares to other separate accounts funding Contracts and certain other permitted parties, which the Fund has done with Hartford Life Insurance Company. The Fund intends to engage in mixed and shared funding arrangements in the future and in doing so must comply with conditions of the Mixed and Shared Funding Order that are designed to protect investors. Due to the differences in tax treatment and other considerations, the interests of the various Contract owners may conflict. The Fund's Board of Trustees will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict. Such action could result in one or more participating insurance companies withdrawing their investment in the Fund.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the period of the Fund's operations. Certain information reflects financial results for a single Fund share. The total returns in the table represents the rate that an investor would have earned on an investment in the Fund (assuming reinvestment of all dividends and distributions). The total returns in the table do not include fees and charges that you may be assessed under your separate Contracts at either the separate account or Contract level. If these fees and charges were included, the Fund's total returns would be lower. This information has been audited by PricewaterhouseCoopers LLP, whose report, along with the Fund's financial statements, are included in the Fund's Annual Report, which is available upon request.

Per Share Data:	Year Ended December 31, 2006	Year Ended December 31, 2005	For the Period May 26, 2004,(1) through December 31, 2004
Net Asset Value, beginning of period	$ 10.96	$ 10.60	$ 10.00
Income from investment operations:			
Net investment loss	(0.02)	(0.05)	(0.02)
Net realized and unrealized gain on investments	1.83	0.53	0.62
Total from investment operations	1.81	0.48	0.60
Less distributions:			
Distributions from net realized gains	(1.21)	(0.12)	—
Total distributions	(1.21)	(0.12)	—
Net Asset Value, end of period	$ 11.56	$ 10.96	$ 10.60
Total Return	16.55%	4.53%	6.00%(3)
Supplemental data and ratios:			
Net Assets, end of period (000's)	$ 3,794	$ 5,574	$ 1,362
Ratio of operating expenses to average net assets including interest expense and dividends on short positions:			
Before expense waiver	8.06%	7.40%	43.30%(2)
After expense waiver	3.43%	2.39%	1.62%(2)
Ratio of operating expenses to average net assets excluding interest expense and dividends on short positions:			
Before expense waiver	6.03%	6.41%	43.08%(2)
After expense waiver	1.40%	1.40%	1.40%(2)
Ratio of net investment loss to average net assets:			
Before expense waiver	(5.99)%	(5.58)%	(42.14%)(2)
After expense waiver	(1.36)%	(0.57)%	(0.46%)(2)
Portfolio turnover rate(4)	555.55%	497.59%	501.71%(3)

(1) Commencement of operations.
(2) Annualized.
(3) Not Annualized.
(4) The numerator for the portfolio turnover rate includes the lesser of purchases or sales (excluding short positions). The denominator includes the average long positions throughout the period.

Source: MERGER FUND VL, 485BPOS, April 18, 2007

Further information regarding the Fund’s performance is contained in the Fund’s Annual Report, a copy of which may be obtained without charge.

ADDITIONAL INFORMATION

Additional information about the Fund is available in the Fund's Statement of Additional Information ("SAI"), which is incorporated by reference into this Prospectus and is available free of charge upon request. Annual reports, semi-annual reports and quarterly performance updates will also be made available to shareholders. The annual report contains a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during the fiscal year.

The Fund's reports and SAI are available without charge by contacting your investment professional or the Fund's transfer agent, U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, WI 53201-0701, or (800) 343-8959. Correspondence sent by overnight courier should be sent to U.S. Bancorp Fund Services, LLC, Third Floor, 615 East Michigan Street, Milwaukee, WI 53202-5207.

The Fund's reports and SAI may also be reviewed and copied at the SEC's Public Reference Room. Information on the operation of the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. Text-only copies can be obtained from the SEC for a fee by writing to the SEC's Public Reference Room, Washington, D.C. 20549-0102, or by electronic request at publicinfo@sec.gov. Copies also can be obtained for free from the SEC's website at www.sec.gov. The Fund does not have an Internet website.

Investment Company Act File No. 811-21279

The Merger Fund VL

100 Summit Lake Drive

Valhalla, New York 10595

An open-end, non-diversified investment company which seeks capital

growth by engaging in merger arbitrage.

STATEMENT OF ADDITIONAL INFORMATION

April 18, 2007

This Statement of Additional Information is not a prospectus and should be read in conjunction with the prospectus of The Merger Fund VL (the "Fund") dated April 18, 2007, a copy of which may be obtained without charge by contacting your investment professional or the Fund's transfer agent, U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or (800) 343-8959.

The Fund's shares are currently offered only to separate accounts funding variable annuity and variable life insurance contracts issued by participating life insurance companies ("Contracts"). Due to the differences in tax treatment and other considerations, the interests of the various Contract owners may conflict. The Fund's Board of Trustees monitors events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict. Shares of the Fund are not offered to the general public. This Statement of Additional Information is designed to help you make an informed decision about one of the funds that is available to you.

The Fund's financial statements are incorporated by reference into this Statement of Additional Information from the Fund's Annual Report, a copy of which may be obtained without charge by contacting the Fund's transfer agent, U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or (800) 343-8959.

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INVESTMENT OBJECTIVES AND POLICIES

The Merger Fund VL (the "Fund") is a no-load, open-end, non-diversified, registered management investment company, organized as a Delaware statutory trust on November 22, 2002, that seeks to achieve capital growth by engaging in merger arbitrage. The Fund's investment objective to achieve capital growth by engaging in merger arbitrage is a fundamental policy, which may not be changed without shareholder approval. Except as otherwise stated, the Fund's other investment policies are not fundamental and may be changed without obtaining approval by the Fund's shareholders. The Fund's investment adviser is Westchester Capital Management, Inc., 100 Summit Lake Drive, Valhalla, New York 10595 (the "Adviser").

Trading to seek short-term capital appreciation can be expected to cause the Fund's portfolio turnover rate to be substantially higher than that of the average equity-oriented investment company and, as a result, may involve increased brokerage commission costs which will be borne directly by the Fund and ultimately by its investors. See "Allocation of Portfolio Brokerage" and "Portfolio Turnover." Certain investments of the Fund may, under certain circumstances, be subject to rapid and sizable losses, and there are additional risks associated with the Fund's overall investment strategy, which may be considered speculative.

Merger Arbitrage.

Under normal circumstances, the Fund invests at least 80% of its total assets principally in the equity securities of companies which are involved in publicly announced mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations. The Fund will not change this policy without providing shareholders with 60 days' advance written notice.

Although a variety of strategies may be employed depending upon the nature of the reorganizations selected for investment, the most common merger-arbitrage activity involves purchasing the shares of an announced acquisition target at a discount to the expected value of such shares upon completion of the acquisition. The size of the discount, or "spread", and whether the potential reward justifies the potential risk, are functions of numerous factors affecting the riskiness and timing of the acquisition. Such factors include the status of the negotiations between the two companies (for example, spreads typically narrow as the parties advance from an agreement in principle to a definitive agreement), the complexity of the transaction, the number of regulatory approvals required, the likelihood of government intervention on antitrust or other grounds, the type of consideration to be received and the possibility of competing offers for the target company.

Because the expected gain on an individual arbitrage investment is normally considerably smaller than the possible loss should the transaction be unexpectedly terminated, Fund assets will not be committed unless the proposed acquisition or other reorganization plan appears to the Adviser to have a substantial probability of success. The expected timing of each transaction is also important since the length of time that the Fund's capital must be committed to any given reorganization will affect the rate of return realized by the Fund, and delays can substantially reduce such returns. See "Portfolio Turnover."

Investments in Corporate Debt Obligations.

As part of its merger-arbitrage strategy, the Fund may invest in corporate bonds and other evidences of indebtedness ("Debt Securities") issued by companies involved in publicly announced mergers, takeovers and other corporate reorganizations, including reorganizations undertaken pursuant to Chapter 11 of the U.S. Bankruptcy Code. The Fund may also invest in other Debt Securities, subject only to the requirement that, under normal market conditions, at least 80% of the Fund's assets will be invested in merger-arbitrage situations.

Although generally not as risky as the equity securities of the same issuer, Debt Securities may gain or lose value due to changes in interest rates and other general economic conditions, industry fundamentals, market sentiment and the issuer's operating results, balance sheet and credit ratings. The market value of convertible Debt Securities will also be affected to a greater or lesser degree by changes in the price of the underlying equity securities, and the Fund may attempt to hedge certain of its investments in convertible Debt Securities by selling short the issuer's common stock. The market value of Debt Securities issued by companies involved in pending corporate mergers and takeovers may be determined in large part by the status of the transaction and its eventual outcome, especially if the Debt Securities are subject to change-of-control provisions that entitle the holder to be paid par value or some other specified dollar amount upon completion of the merger or takeover. Accordingly, the principal risk associated with investing in these Debt Securities is the possibility that the transaction may not be completed.

Over-the-Counter Option Transactions.

As part of its merger-arbitrage strategy, the Fund may engage in transactions involving options and futures contracts which are traded over-the-counter ("OTC contracts"). OTC contracts differ from exchange-traded contracts in important respects. OTC contracts are transacted directly with broker-dealers, and the performance of these contracts is not guaranteed by the Options Clearing Corporation. Also, OTC contract pricing is normally done by reference to information from market makers, which information is carefully monitored by the Adviser and verified in appropriate cases.

Because OTC contracts are transacted directly with broker-dealers, there is a risk of non-performance by the broker-dealer as a result of the insolvency of such broker-dealer or otherwise, in which case the Fund may experience a loss. An OTC contract may only be terminated voluntarily by entering into a closing transaction with the broker-dealer with whom the Fund originally dealt. Any such cancellation, if agreed to, may require the Fund to pay a premium to that broker-dealer. It is the Fund's intention to enter into OTC contracts only with broker-dealers which agree to, and which are expected to be capable of, entering into closing transactions with the Fund, although there is no assurance that a broker-dealer will voluntarily agree to terminate the transaction. There is also no assurance that the Fund will be able to liquidate an OTC contract at any time prior to expiration.

Uncovered Option Transactions.

As one of its hedging strategies, the Fund may sell uncovered, or "naked," options. When the Fund sells an uncovered call option, it does not simultaneously have a long position in the underlying security. When the Fund sells an uncovered put option, it does not simultaneously have a short position in the underlying security. The Fund typically sells uncovered call options as an alternative to selling short the acquirer's shares in a stock-for-stock merger. The Fund typically sells uncovered put options as an alternative to selling covered call options, a functionally equivalent strategy where the risk exposure is virtually the same. For a discussion of the risks associated with covered call options, please see "Investment Risks" in the Fund's Prospectus.

The risks associated with selling uncovered call options for hedging purposes are similar to those associated with selling short the acquirer's securities in a stock-for-stock merger, including the possibility that should the merger fail to be completed, the Fund may be required to purchase the underlying security in the open market at a price substantially above the strike price of the option. For a discussion of the risks associated with short sales, please see "Investment Risks" in the Fund's Prospectus.

Equity Swap Contracts.

The Fund may enter into both long and short equity swap contracts with qualified broker-dealer counterparties. A long equity swap contract entitles the Fund to receive from the counterparty any appreciation and dividends paid on an individual security, while obligating the Fund to pay the counterparty any depreciation on the security as well as interest on the notional amount of the contract. A short equity swap contract obligates the Fund to pay the counterparty any appreciation and dividends paid on an individual security, while entitling the Fund to receive from the counterparty any depreciation on the security as well as interest on the notional value of the contract.

The Fund may also enter into equity swap contracts whose value is determined by the spread between a long equity position and a short equity position. This type of swap contract obligates the Fund to pay the counterparty an amount tied to any increase in the spread between the two securities over the term of the contract. The Fund is also obligated to pay the counterparty any dividends paid on the short equity holding as well as any net financing costs. This type of swap contract entitles the Fund to receive from the counterparty any gains based on a decrease in the spread as well as any dividends paid on the long equity holding and any net interest income.

Fluctuations in the value of an open contract are recorded daily as a net unrealized gain or loss. The Fund will realize gain or loss upon termination or reset of the contract. Either party, under certain conditions, may terminate the contract prior to the contract's expiration date.

Credit risk may arise as a result of the failure of the counterparty to comply with the terms of the contract. The Fund considers the creditworthiness of each counterparty to a contract in evaluating potential credit risk. The counterparty risk to the Fund is limited to the net unrealized gain, if any, on the contract, along with dividends receivable on long equity contracts and interest receivable on short equity contracts. Additionally, risk may arise from unanticipated movements in interest rates or in the value of the underlying securities.

Credit Default Swap Contracts.

The Fund may enter into credit default swap contracts with qualified broker-dealer counterparties. In a credit default swap, one party makes a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a referenced entity, typically corporate issues, on its obligation. The Fund may use the swaps as part of a merger arbitrage strategy involving pending corporate reorganizations. The Fund may purchase credit protection on the referenced entity of the credit default swap.

Swap contracts involve, to varying degrees, elements of market risk and exposure to loss. The notional amounts reflect the extent of the total investment exposure that the Fund has under the swap contract. The primary risks associated with the use of swap agreements are imperfect correlation between movements in the notional amount and the price of the underlying securities and the inability of counterparties to perform.

The Fund bears the risk of loss of the amount expected to be received under a swap contract in the event of default or bankruptcy of the swap contract counterparty.

Investment Restrictions.

The following investment restrictions have been adopted by the Fund as fundamental policies and may be changed only by the affirmative vote of a majority of the outstanding shares of the Fund. As used in this Statement of Additional Information, the term "majority of the outstanding shares of the Fund" means the vote of the lesser of: (a) 67% or more of the Fund's shares present at a meeting, if the holders of more than 50% of the outstanding shares of the Fund are present or represented by proxy, or (b) more than 50% of the Fund's outstanding shares.

These investment restrictions provide that:

(1) The Fund may not issue senior securities, except that this restriction shall not be deemed to prohibit the Fund from (a) making any permitted borrowings, loans, mortgages, or pledges, (b) entering into options, futures contracts, forward contracts, repurchase transactions or reverse repurchase transactions, or (c) making short sales of securities to the extent permitted by the Investment Company Act of 1940, as amended (the "1940 Act"), and any rule or order thereunder, or Securities and Exchange Commission ("SEC") staff interpretation thereof.

(2) The Fund may not borrow money except that it may borrow: (a) from banks to purchase or carry securities or other investments, (b) from banks for temporary or emergency purposes, (c) by entering into reverse repurchase agreements, or (d) by entering into equity swap contracts if, immediately after any such borrowing, the value of the Fund's assets, including all borrowings then outstanding less its liabilities, is equal to at least 300% of the aggregate amount of borrowings then outstanding (for the purpose of determining the 300% asset coverage, the Fund's liabilities will not include amounts borrowed). Any such borrowings may be secured or unsecured.

(3) The Fund may not underwrite or participate in the marketing of securities issued by other persons except to the extent that the Fund may be deemed to be an underwriter under federal securities laws in connection with the disposition of portfolio securities.

(4) The Fund may not purchase any securities that would cause more than 25% of the total assets of the Fund to be invested in the securities of one or more issuers conducting their principal business activities in the same industry, provided that this limitation does not apply to the securities of other investment companies, investments in obligations issued or guaranteed by the United States Government, its agencies or instrumentalities or tax-exempt municipal securities.

(5) The Fund may not purchase or sell real estate or real estate mortgage loans as such, except that the Fund may purchase securities issued by issuers, including real estate investment trusts, which invest in real estate or interests therein.

(6) The Fund may not purchase or sell commodities or commodity contracts.

(7) The Fund will not make loans if, as a result, more than 33 1/3% of the Fund's total assets would be loaned to other parties, except that the Fund may (a) purchase or hold debt instruments in accordance with its investment objective and policies, (b) enter into repurchase agreements, and (c) lend its securities.

The following investment restrictions have been adopted by the Fund as non-fundamental policies. Non-fundamental restrictions may be amended by a majority vote of the Trustees of the Fund. Under the non-fundamental investment restrictions:

(1) The Fund will not invest more than 15% of the value of its net assets in illiquid securities and restricted securities. Restricted securities are those that are subject to legal or contractual restrictions on resale. Illiquid securities are those securities without readily available market quotations, including repurchase agreements having a maturity of more than seven days.

(2) The Fund may not purchase securities of other investment companies, except in accordance with the 1940 Act.

If a particular percentage restriction as set forth above is adhered to at the time of investment, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

Portfolio Holdings.

The Adviser and the Fund maintain portfolio-holdings disclosure policies that govern the timing and circumstances of disclosure to shareholders and third parties of information regarding the portfolio investments held by the Fund. These portfolio-holdings disclosure policies have been approved by the Board of Trustees of the Fund. Disclosure of the Fund's complete holdings is required to be made quarterly within 60 days of the end of each fiscal quarter in the Annual Report and Semi-Annual Report to Fund shareholders and in the quarterly holdings report on Form N-Q. These reports are available, free of charge, on the EDGAR database on the SEC's website at www.sec.gov or by contacting The Merger Fund VL c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or calling (800) 343-8959.

From time to time, fund-rating companies such as Morningstar, Inc. may request complete portfolio-holdings information in connection with rating the Fund. The Fund believes that these third parties have legitimate objectives in requesting such portfolio-holdings information. To prevent such parties from potentially misusing portfolio-holdings information, the Fund generally only discloses such information as of the end of the most recent calendar quarter, with a lag of at least thirty days. In addition, the Adviser may grant exceptions to permit additional disclosure of portfolio-holdings information at differing times and with differing lag times to rating agencies, provided that (i) the recipient is subject to a confidentiality agreement, which includes a duty not to purchase or sell Fund shares or Fund portfolio holdings before the portfolio holdings become public, (ii) the recipient will utilize the information to reach certain conclusions about the investment characteristics of the Fund and will not use the information to facilitate or assist in any investment program, and (iii) the recipient will not provide access to this information to third parties, other than the Fund's service providers who need access to such information in the performance of their contractual duties and responsibilities, and are subject to duties of confidentiality.

In addition, the Fund's service providers, such as its custodian, fund administrator, fund accounting, legal counsel and transfer agent, who are subject to duties of confidentiality, including a duty not to trade on non-public information, imposed by law or contract, may receive portfolio-holdings information in connection with their services to the Fund.

The furnishing of non-public portfolio-holdings information to any third party (other than authorized governmental and regulatory personnel) requires the approval of the Adviser. The Adviser will approve the furnishing of non-public portfolio holdings to a third party only if the furnishing of such information is believed to be in the best interest of the Fund and its shareholders. No consideration may be received by the Fund, the Adviser, any affiliate of the Adviser or their employees in connection with the disclosure of portfolio-holdings information. There are currently no ongoing arrangements to make available information about the Fund's portfolio securities, other than as described above. The Board receives and reviews annually a list of the persons who receive non-public portfolio-holdings information and the purpose for which it is furnished.

INVESTMENT ADVISER

(See "INVESTMENT ADVISER" in the Fund's Prospectus)

Investment Adviser and Advisory Contract.

The Fund's investment advisory contract with the Adviser (the "Advisory Contract") provides that the Fund pay all of the Fund's expenses, including, without limitation, (i) the costs incurred in connection with registration and maintenance of its registration under the Securities Act of 1933, as amended, the 1940 Act, as amended, and state securities laws and regulations, (ii) preparation, printing and mailing of reports, notices and prospectuses to current shareholders, (iii) transfer taxes on the sales of the Fund's shares and on the sales of portfolio securities, (iv) brokerage commissions, (v) custodial and shareholder transfer charges, (vi) legal, auditing and accounting expenses, (vii) expenses of servicing shareholder accounts, (viii) insurance expenses for fidelity and other coverage, (ix) fees and expenses of Trustees who are not "interested persons" within the meaning of the 1940 Act, and (x) expenses of Trustee and shareholder meetings. The Fund is also liable for such non-recurring expenses as may arise, including litigation to which the Fund may be a party. The Fund has an obligation to indemnify each of its officers and Trustees with respect to such litigation but not against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

The Adviser receives an advisory fee, payable monthly, for the performance of its services at an annual rate of 1.25% of the average daily net assets of the Fund. The fee accrues daily for the purpose of determining the offering and redemption price of the Fund's shares. The Adviser has signed an Amended and Restated Expense Waiver and Reimbursement Agreement, which contractually requires the Adviser to either waive fees due to it or subsidize various operating expenses of the Fund so that the total annual Fund operating expenses do not exceed 1.40% of average daily net assets, excluding dividends on short positions and interest expense. The Agreement expires on July 1, 2013, but may be renewed annually by mutual agreement. The Agreement permits the Adviser to recapture any waivers or subsidies it makes only if the amounts can be recaptured within three years and without causing the Fund's total annual operating expenses, excluding dividends on short positions and interest expense, to exceed the applicable cap.

The Advisory Contract will continue in effect from year to year provided such continuance is approved at least annually by (i) a vote of the majority of the Fund's Trustees who are not parties thereto or "interested persons" (as defined in the 1940 Act) of the Fund or the Adviser, cast in person at a meeting specifically called for the purpose of voting on such approval and by (ii) the majority vote of either all of the Fund's Trustees or the vote of a majority of the outstanding shares of the Fund. The Advisory Contract may be terminated without penalty on 60 days' written notice by a vote of a majority of the Fund's Trustees or by the Adviser, or by holders of a majority of the Fund's outstanding shares. The Advisory Contract shall terminate automatically in the event of its assignment. A discussion regarding the Board's basis for approving the Advisory Contract is available in the Semi-Annual Report to Fund shareholders.

Due to the waiver of fees pursuant to the Amended and Restated Expense Waiver and Reimbursement Agreement, no advisory fees were paid by the Fund to the Adviser for the fiscal year ended December 31, 2006, for the fiscal year ended December 31, 2005 and the period ended December 31, 2004.

The Advisory Contract permits the Adviser to seek reimbursement of any reductions made to its management fee and payments made to limit expenses which are the responsibility of the Fund within the three-year period following such reduction, subject to approval by the Board of Trustees and the Fund's ability to effect such reimbursement and remain in compliance with applicable expense limitations. Any such management fee or expense reimbursement will be accounted for as a contingent liability of the Fund and is described in the notes to the financial statements of the Fund until such time as it appears that the Fund will be able to and is likely to effect such reimbursement. At such time as it appears probable that the Fund is able to effect such reimbursement, the amount of reimbursement that the Fund is able to effect will be accrued as an expense of the Fund for that current period.

Other Service Providers.

The Fund and the Adviser have entered into administrative service agreements with Metropolitan Life Insurance Company of Connecticut (formerly known as The Travelers Insurance Company) and MetLife Life and Annuity Company of Connecticut (formerly known as The Travelers Life and Annuity Company) ("MetLife") and Hartford Life Insurance Company ("Hartford"). Under the terms of the agreements, MetLife and Hartford are required to provide various shareholder services to the Fund, including the provision of certain shareholder communications and the facilitation of completing application forms and selecting account options for the benefit of certain owners of variable life insurance contracts and variable annuity contracts issued by MetLife and Hartford in connection with such owners' indirect investment in the Fund. Payments are made monthly by the Adviser at the annual rate of 0.25% to MetLife and 0.40% to Hartford of the Fund's average daily net assets attributable to shares of the Fund beneficially owned by owners of the variable life and variable annuity policies offered through certain separate accounts of MetLife and Hartford.

The Adviser paid $38.70 in expenses during the fiscal year ended December 31, 2006 under the agreement with MetLife. The Adviser did not pay any expenses during the fiscal year ended December 31, 2006 under the agreement with Hartford. The Adviser did not pay any expenses during the fiscal year ended December 31, 2005 or during the period ended December 31, 2004 under the agreements with MetLife and Hartford.

MANAGEMENT

Trustees and Officers.

The management and affairs of the Fund are supervised by the Board of Trustees of the Fund. The Board consists of four individuals, three of whom are not "interested persons" of the Fund as that term is defined in the 1940 Act (the "non-interested Trustees"). The Trustees are fiduciaries for the Fund's shareholders and are governed by the laws of the State of Delaware in this regard. The Board establishes policies for the operation of the Fund and appoints the officers who conduct the daily business of the Fund. The current Trustees and officers of the Fund and their ages are listed below with their addresses, present positions with the Fund, term of office and length of time served with the Fund, principal occupations over at least the last five years and other directorships held.

Non-Interested Trustees

Name, Age and Address	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee*	Other Directorships Held by Trustee
James P. Logan, III, 70 Logan-Chace, LLC 420 Lexington Avenue New York, NY 10017	Trustee	Since Inception in 2002; Indefinite	Chairman of Logan Chace, LLC, an executive search firm; Chairman of J.P. Logan & Company.	2	None
Michael J. Downey, 63 c/o Westchester Capital Management, Inc. 100 Summit Lake Drive Valhalla, NY 10595	Trustee	Since Inception in 2002; Indefinite	Private investor; Managing Partner of Lexington Capital Investment until 2007; Consultant and independent financial adviser since July 1993.	2	Chairman and Director of The Asia Pacific Fund, Inc.; Director of Alliance Bernstein Core Mutual Fund Group
Barry Hamerling, 61 ** c/o Westchester Capital Management, Inc. 100 Summit Lake Drive Valhalla, NY 10595	Trustee	Since April 2007; Indefinite	Since 1999, Managing Partner of Premium Ice Cream of America; since 2003, Managing Partner of Premium Salads of America.	2	Trustee of AXA Premier VIP Trust; Trustee of Granum Value Fund, a series of Granum Series Trust

Interested Trustee and Officers

Name, Age and Address	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee*	Other Directorships Held by Trustee
Frederick W. Green, 60 *** Westchester Capital Management, Inc. 100 Summit Lake Drive Valhalla, NY 10595	President and Trustee	Since Inception in 2002; Indefinite	President of Westchester Capital Management, Inc., the Fund's Adviser.	2	None
Bonnie L. Smith, 59 Westchester Capital Management,	Vice President, Secretary	Since Inception in 2002; one-year term	Vice President and Treasurer of Westchester Capital Management, Inc.,	N/A	N/A

Inc. 100 Summit Lake Drive Valhalla, NY 10595	and Treasurer; Anti-Money Laundering Compliance Officer		the Fund's Adviser. Chief Operating Officer of Westchester Capital Management, Inc. since January 2007.		
Roy Behren, 46 Westchester Capital Management, Inc. 100 Summit Lake Drive Valhalla, NY 10595	Chief Compliance Officer	Since 2004; one-year term	Analyst, Trader and Chief Compliance Officer for Westchester Capital Management, Inc., the Fund's Adviser.	N/A	N/A

* The fund complex consists of the Fund and The Merger Fund.

** Mr. Hamerling was elected to the Board of Trustees on April 17, 2007.

*** Mr. Green is deemed to be an interested person (as that term is defined in Section 2(a)(19) of the 1940 Act) because of his affiliation with the Fund's investment adviser, Westchester Capital Management, Inc. and because he is an officer of the Fund.

BOARD COMMITTEES

The Board of Trustees has three standing committees as described below:

1. Audit Committee. The Audit Committee is responsible for: (a) overseeing the Fund's accounting and financial reporting policies and practices, its internal controls and, as appropriate, the internal controls of certain service providers; (b) overseeing the quality and objectivity of the Fund's financial statements and the independent audit thereof; and (c) acting as a liaison between the Fund's independent auditors and the full Board of Trustees. The Audit Committee meets at least once annually. The Audit Committee held two meetings in the last fiscal year. All of the non-interested Trustees—James P. Logan, III, Michael J. Downey and Barry Hamerling—comprise the Audit Committee.

2. Nominating Committee. The Nominating Committee is responsible for seeking and reviewing candidates for consideration as nominees for Trustees as is considered necessary from time to time and meets only as necessary. The Nominating Committee will consider, among other sources, nominees recommended by shareholders. Shareholders may submit recommendations by mailing the candidate's name and qualifications to the attention of the President. The Nominating Committee held one meeting in the last fiscal year. All of the non-interested Trustees—James P. Logan, III, Michael J. Downey and Barry Hamerling —comprise the Nominating Committee.

3. Valuation Committee. The Valuation Committee is responsible for (a) monitoring the valuation of Fund securities and other investments; and (b) as required, when the full Board is not in session, determining the fair value of illiquid and other holdings after consideration of all relevant factors, which determinations are reported to the full Board. The Valuation Committee functions without formal meetings as necessary when a price is not readily available, keeps records on a continual basis of all fair-value determinations and reports to the Board on a quarterly basis. The Valuation Committee is comprised of Mr. Frederick W. Green and Ms. Bonnie L. Smith.

COMPENSATION

Management considers Messrs. Logan, Downey and Hamerling to be non-interested Trustees. The fees of the non-interested Trustees ($4,000 per year and $1,000 per meeting attended), in addition to their out-of-pocket expenses in connection with attendance at Trustees' meetings, are paid by the Fund. For the year ended December 31, 2006, the Fund paid the following in Trustees' fees:

COMPENSATION TABLE

Name of Trustee	Aggregate Compensation from Fund	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits upon Retirement	Total Compensation from the Fund and Fund Complex Paid to Trustees*
Frederick W. Green	$0	0	0	$0
Michael J. Downey	$8,000	0	0	$32,000
James P. Logan, III	$8,000	0	0	$32,000
Barry Hamerling**	N/A	0	0	N/A

* The fund complex consists of the Fund and The Merger Fund.

** Mr. Hamerling was elected to the Board of Trustees on April 17, 2007.

BOARD INTEREST IN THE FUND

As of December 31, 2006, the officers and Trustees of the Fund did not own any of the outstanding shares of the Fund.

Trustee Equity Ownership as of December 31, 2006

Name of Trustee	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies(1)
Frederick W. Green	None	over $100,000
Michael J. Downey	None	$10,001-$50,000
James P. Logan, III(2)	None	$1-$10,000
Barry Hamerling(3)	None	over $100,000

(1) Includes shares of The Merger Fund.

(2) Mr. Logan disclaims beneficial ownership of his wife's shares.

(3) Mr. Hamerling was elected to the Board of Trustees on April 17, 2007.

CODES OF ETHICS

The Fund's Trustees and officers and the employees of the Adviser are permitted to engage in personal securities transactions subject to the restrictions and procedures contained in the Fund and the Adviser's Codes of Ethics, which have been approved by the Board of Trustees in accordance with standards set forth under the 1940 Act. The Fund and the Adviser's Codes of Ethics are filed as exhibits to the Fund's Registration Statement and are available to the public.

PROXY AND CORPORATE ACTION VOTING POLICIES AND PROCEDURES

The Fund has adopted Proxy and Corporate Action Voting Policies and Procedures that govern the voting of proxies for securities held by the Fund. The Adviser has full authority to vote proxies or act with respect to other shareholder actions on behalf of the Fund and The Merger Fund. The Adviser's primary consideration in voting proxies is the best interest of the Fund. The proxy-voting procedures address the resolution of potential conflicts of interest and circumstances under which the Adviser will limit its role in voting proxies. Where a proxy proposal raises a material conflict between the Adviser's interests and the Fund's interests, the Adviser will resolve the conflict by following the policy guidelines. The proxy-voting guidelines describe the Adviser's general position on proposals. The Adviser will generally vote against any management proposal that clearly has the effect of restricting the ability of shareholders to realize the full potential value of their investment. Routine proposals that do not change the structure, bylaws or operations of the corporation to the detriment of the shareholders will normally be approved. The Adviser will review certain issues on a case-by-case basis based on the financial interest of the Fund.

Information regarding how the Fund voted proxies relating to portfolio securities during the period ended June 30, 2006 is available without charge, upon request, by calling the Fund's Transfer Agent toll free at (800) 343-8959 and on the SEC's website at www.sec.gov.

ANTI-MONEY LAUNDERING PROGRAM

The Fund has established an Anti-Money Laundering Compliance Program (the "Program") as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act"). In order to ensure compliance with this law, the Fund's Program provides for the development of internal practices, procedures and controls, designation of anti-money laundering compliance officers, an ongoing training program and an independent audit function to determine the effectiveness of the Program.

Procedures to implement the Program include, but are not limited to, determining that the Fund's transfer agent has established proper anti-money laundering procedures, reporting suspicious and/or fraudulent activity, checking shareholder names against designated government lists, including Office of Foreign Asset Control, and a complete and thorough review of all new opening account applications. The Fund will not transact business with any person or entity whose identity cannot be adequately verified under the provisions of the USA PATRIOT Act. (See "Anti-Money Laundering Compliance" in the Fund's Prospectus.)

THE ADMINISTRATOR

The Fund has entered into Fund Accounting and Fund Administration Servicing Agreements with U.S. Bancorp Fund Services, LLC ("Administrator"), a Wisconsin limited liability company, whose address is 615 East Michigan Street, Milwaukee, Wisconsin 53202.

The Administrator performs the following services, among others, for the Fund: (1) acts as liaison among all Fund service providers; (2) supplies corporate secretarial services, office facilities, non-investment-related statistical and research data as needed, and assistance in preparing for, attending and administering shareholder meetings; (3) provides services to the Board such as establishing meeting agendas for all regular and special Board meetings, preparing Board reports based on financial and administrative data, evaluating independent accountants, monitoring fidelity bond and errors and omissions/director and officer liability coverage, recommending dividend declarations and capital gain distributions to the Board, preparing and distributing to appropriate parties notices announcing declarations of dividends and other distributions; (4) provides assistance and support in connection with audits; (5) prepares and updates documents, such as the Fund's Declaration of Trust and by-laws, provides assistance in connection with routine regulatory examinations or investigations, coordinates all communications and data collection with regard to any regulatory examinations and yearly audits by independent accountants, maintains a general corporate and compliance calendar for the Fund, prepares, proposes and monitors the Fund budget, and develops or assists in developing guidelines and procedures to improve overall compliance by the Fund and its various agents; (6) monitors compliance of the Fund with regulatory requirements; (7) assists in the preparation of and, after approval by the Fund, arranges for the filing of such registration statements and other documents with the Securities and Exchange Commission and other federal and state regulatory authorities as may be required by applicable law; (8) provides assistance in financial reporting matters; and (9) takes such other action with respect to the Fund as may be necessary in the opinion of the Administrator to perform its duties under the agreement. The Administrator also provides certain accounting and pricing services for the Fund. The Administrator's minimum annual fee charged to the Fund for administration services is $40,000. The Administrator's minimum annual fee charged to the Fund for accounting services is $45,000. For the year ended December 31, 2006, the Fund paid the Administrator a fee of $40,050 for fund administration services and $49,282 for fund accounting services.

THE TRANSFER AGENT

The Fund has entered into a Transfer Agent Agreement with U.S. Bancorp Fund Services LLC ("U.S. Bancorp"), whose address is 615 East Michigan Street, Milwaukee, WI 53202, to serve as transfer agent for the Fund. The transfer agent services provided by U.S. Bancorp include: performing customary transfer agent functions; making dividend and distribution payments; administering shareholder accounts in connection with the issuance, transfer and redemption of the Fund's shares; performing related record keeping services; answering shareholders' correspondence; mailing reports, proxy statements, confirmations and other communications to shareholders; and filing tax information returns. U.S. Bancorp's minimum annual transfer agent fee is $15,000. For the year ended December 31, 2006, U.S. Bancorp received a transfer agent fee of $15,065.

CUSTODIAN

U.S. Bank, N.A. ("U.S. Bank"), Custody Operations, 1555 North RiverCenter Drive, Suite 302, Milwaukee, WI 53212, acts as the Fund's custodian. The custody services performed by U.S. Bank include maintaining custody of the Fund's assets, record keeping, processing of portfolio securities transactions, collection of income, special services relating to put and call options and making cash disbursements. U.S. Bank takes no part in determining the investment policies of the Fund or in deciding which securities are purchased or sold by the Fund. The Fund pays to U.S. Bank a custodian fee, payable monthly, at the annual rate of .03% of the total value of the Fund's net assets, plus a fee for each transaction with respect to the Fund's portfolio securities, which fee varies depending on the nature of the transaction. For the year ended December 31, 2006, U.S. Bank received a custodian fee of $2,900.

PORTFOLIO MANAGERS

The following table shows information regarding other accounts managed by each portfolio manager as of December 31, 2006.

Name of Portfolio Manager	Category	Number of Accounts	Total Assets in Accounts	Number of Accounts Where Advisory Fee is Based on Account Performance	Total Assets in Accounts Where Advisory Fee is Based on Account Performance
Frederick W. Green	Registered Investment Companies	2	$1,529,799,052	0	$0
	Other Pooled Investment Vehicles	3	$104,416,400	3	$104,416,400
	Other Accounts	0	$0	0	$0
Michael T. Shannon	Registered Investment Companies	2	$1,529,799,052	0	$0
	Other Pooled Investment Vehicles	3	$104,416,400	3	$104,416,400
	Other Accounts	0	$0	0	$0
Roy D. Behren	Registered Investment Companies	2	$1,529,799,052	0	$0
	Other Pooled Investment Vehicles	3	$104,416,400	3	$104,416,400
	Other Accounts	0	$0	0	$0

Mr. Green, Mr. Shannon and Mr. Behren are compensated by the Adviser with an annual salary and bonus, both of which vary from year to year based on a variety of factors. The portfolio managers' compensation is not linked by formula to the absolute or relative performance of the Fund, the Fund's net assets or to any other specific benchmark. Because Mr. Green is the sole owner of the Adviser, his compensation is determined in large part by the Adviser's overall profitability, an important component of which is the level of fee income earned by the Adviser. Pursuant to investment advisory agreements between the Adviser and the Fund and between the Adviser and The Merger Fund, the Adviser is paid a fixed percentage of the net assets of each fund and, therefore, its fee income will vary as those assets increase or decrease due to investment performance and subscription and redemption activity.

Mr. Green, Mr. Shannon and Mr. Behren also receive compensation from their interests in an affiliated non-registered investment adviser which manages a private limited partnership and other non-registered investment accounts that engage in merger arbitrage. For its services, the affiliated adviser receives both a management fee and a percentage of the profits, if any, generated by such accounts.

The fact that Mr. Green, Mr. Shannon and Mr. Behren serve both as portfolio managers of the Fund and The Merger Fund and as portfolio managers of non-registered investment accounts creates the potential for a conflict of interest, since receipt of a portion of any profits realized by the non-registered accounts could, in theory, create an incentive to favor such accounts. However, the Adviser does not believe that Mr. Green's, Mr. Shannon's and Mr. Behren's overlapping responsibilities or the various elements of their compensation present any material conflict of interest, for the following reasons: (i) the Fund, The Merger Fund and the non-registered investment accounts all engage in merger arbitrage and are managed in a similar fashion; (ii) the Adviser follows strict and detailed written allocation procedures designed to allocate securities purchases and sales among the Fund, The Merger Fund and the non-registered investment accounts in a fair and equitable manner; and (iii) all allocations and fair-value pricing reports are subject to review by the Adviser's Chief Compliance Officer and subject to additional oversight by a senior officer of the Adviser.

As of December 31, 2006, Mr. Green beneficially owned $100,001-$500,000 in the Fund by virtue of being the sole shareholder of the Adviser and sharing investment control over the Fund's portfolio. As of December 31, 2006, Messrs. Shannon and Behren did not beneficially own any equity securities in the Fund.

ALLOCATION OF PORTFOLIO BROKERAGE

Subject to the supervision of the Trustees, decisions to buy and sell securities for the Fund are made by the Adviser. The Adviser is authorized by the Trustees to allocate the orders placed by it on behalf of the Fund to broker-dealers who may, but need not, provide research or other services to the Fund or the Adviser for the Fund's use. Such services may include litigation analysis and consultants' reports on regulatory and other matters. Such allocation is to be in such amounts and proportions as the Adviser may determine.

In selecting a broker-dealer to execute any given transaction, the Adviser will take the following into consideration: the best net price available; the reliability, integrity and financial condition of the broker-dealer; the size and complexity of the order; the broker-dealer's order flow in the security to be traded; the broker-dealer's willingness to commit capital to facilitate the transaction; the Adviser's soft-dollar arrangements for third-party research; and the value of the expected contribution of the broker-dealer to the investment performance of the Fund on a continuing basis. Broker-dealers executing a portfolio transaction on behalf of the Fund may receive a commission in excess of the amount of commission another broker-dealer would have charged for executing the transaction if the Adviser determines in good faith that such commission is reasonable in relation to the value of brokerage, research and other services provided to the Fund.

In allocating portfolio brokerage, the Adviser may select broker-dealers who also provide brokerage, research and other services to other accounts over which the Adviser or its affiliate exercises investment discretion. Some of the services received as the result of Fund transactions may primarily benefit accounts other than the Fund, while services received as the result of portfolio transactions effected on behalf of those other accounts may primarily benefit the Fund. The Adviser is unable to quantify the amount of commissions set forth below which were paid as a result of such services because a substantial number of transactions were effected through broker-dealers which provide such services but which were selected principally because of their execution capabilities. When the Fund and the other accounts over which the Adviser or its affiliate exercises investment discretion are engaged in the simultaneous purchase or sale of the same securities, the Adviser may aggregate its orders. Shares are allocated among the various accounts pro rata or in some other equitable manner consistent with the investment objectives and risk profile of each account.

For the fiscal year ended December 31, 2006, the fiscal year ended December 31, 2005 and the period ended December 31, 2004, the Fund paid brokerage commissions of approximately $57,002, $42,630 and $9,157, respectively. For the fiscal year ended December 31, 2006, the Fund paid brokerage commissions of $6,784 to one broker-dealer with respect to research services provided by third parties, an amount equal to approximately 11.9% of the brokerage commissions paid by the Fund during the period.

PORTFOLIO TURNOVER

The portfolio turnover rate may be defined as the ratio of the lesser of annual sales or purchases to the monthly average value of the portfolio, excluding from both the numerator and the denominator (1) securities with maturities at the time of acquisition of one year or less and (2) short positions. For the year ended December 31, 2006, the Fund's annual portfolio turnover rate was 555.55% annualized. The Fund invests portions of its assets to seek short-term capital appreciation. The Fund's investment objective and corresponding investment policies can be expected to cause the portfolio turnover rate to be substantially higher than that of the average equity-oriented investment company.

Merger-arbitrage investments are characterized by a high turnover rate because, in general, a relatively short period of time elapses between the announcement of a reorganization and its completion or termination. The majority of mergers and acquisitions are consummated in less than six months, while tender offers are normally completed in less than two months. Liquidations and certain other types of corporate reorganizations usually require more than six months to complete. The Fund will generally benefit from the timely completion of the proposed reorganizations in which it has invested, and a correspondingly high portfolio turnover rate would be consistent with, although it would not necessarily ensure, the achievement of the Fund's investment objective. Short-term trading involves increased brokerage commissions, which expense is ultimately borne by the shareholders.

Fund management believes that the fiscal 2006 portfolio turnover rate of 555.55% annualized is within the range to be expected for a merger-arbitrage fund, and anticipates that the 2007 rate will be within the same range.

NET ASSET VALUE

The net asset value per share of the Fund will be determined on each day when the New York Stock Exchange is open for business and will be computed by taking the aggregate market value of all assets of the Fund less its liabilities, and dividing by the total number of shares outstanding. Each determination will be made (i) by valuing portfolio securities, including open short positions, which are traded on the New York Stock Exchange and American Stock Exchange at the last reported sales price on that exchange; (ii) by valuing portfolio securities, including open short positions, which are traded on the Nasdaq Global Market System at the Nasdaq Official Closing Price; (iii) by valuing put and call options which are traded on the Chicago Board Options Exchange or any other domestic exchange at the last sale price on such exchange; (iv) by valuing listed securities and put and call options for which no sale was reported on a particular day and securities traded on the over-the-counter market at the mean between the last bid and asked prices; and (v) by valuing any securities or other assets for which market quotations are not readily available at fair value in good faith and under the supervision of the Trustees, although the actual calculation may be done by others. The Adviser may, subject to the supervision of the Board of Trustees, value securities, including options, at prices other than last-sale prices when such last-sale prices are believed unrepresentative of fair market value as determined in good faith. The assets of the Fund received for the issue or sale of its shares, and all income, earnings, profits and proceeds thereof, subject only to the rights of creditors, shall constitute the underlying assets of the Fund. In the event of the dissolution or liquidation of the Fund, the holders of shares of the Fund are entitled to share pro rata in the net assets of the Fund available for distribution to shareholders.

Net asset value for purposes of pricing purchase and redemption orders is determined as of the close of regular trading hours on the New York Stock Exchange (the "Exchange"), normally, 4:00 p.m. Eastern time, on each day the Exchange is open for trading and the Federal Reserve Bank's Fedline System is open. Currently, the Exchange observes the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas Day.

DISTRIBUTION, PURCHASE AND REDEMPTION OF SHARES

(See "DISTRIBUTION, PURCHASE AND REDEMPTION PRICE" in the Fund's Prospectus)

Currently, shares of the Fund are not sold to the general public. Purchase and redemption orders are placed only by participating insurance companies. The purchase or redemption price of shares is based on the next calculation of net asset value after an order is accepted in good form. The Fund's net asset value per share is calculated by dividing the value of the Fund's total assets, less liabilities (including Fund expenses, which are accrued daily), by the total number of outstanding shares of the Fund.

PERFORMANCE INFORMATION

Average Annual Total Return.

Average annual total return quotations which are used in the Fund's prospectus are calculated according to the following formula:

$$P(1+T)^n = ERV$$

Where: P = a hypothetical initial payment of $1,000

T	=	average annual total return
n	=	number of years
ERV	=	ending redeemable value of a hypothetical $1,000 payment made at the beginning of the period.

Under the foregoing formula, the time periods used in the prospectus will be based on rolling calendar quarters. Average annual total return, or "T" in the above formula, is computed by finding the average annual compounded rates of return over the period that would equate the initial amount invested to the ending redeemable value. Average annual total return assumes the reinvestment of all dividends and distributions.

The calculation assumes an initial $1,000 payment and assumes all dividends and distributions by the Fund are reinvested at the price stated in the Prospectus on the reinvestment dates during the period, and includes all recurring fees that are charged to all shareholder accounts.

The Fund may also calculate total return on a cumulative basis, which reflects the cumulative percentage change in value over the measuring period. The formula for calculating cumulative total return can be expressed as follows:

$$\text{Cumulative Total Return} = \frac{[(ERV) - 1]}{P}$$

Other Information.

The Fund's performance data quoted in the prospectus represents past performance and is not intended to predict or indicate future results. The return and principal value of an investment in the Fund will fluctuate, and an investor's redemption proceeds may be more or less than the original investment amount.

Comparison of Fund Performance.

The performance of the Fund may be compared to data prepared by Lipper, Inc., Morningstar, Inc. or other independent services which monitor the performance of investment companies, and may be quoted in advertising in terms of its ranking in each applicable universe. In addition, the Fund may use performance data reported in financial and industry publications, including Barron's, Business Week, Forbes, Fortune, Investor's Business Daily, IBC/Donoghue's Money Fund Report, Money Magazine, The Wall Street Journal and USA Today.

The Fund may from time to time use the following unmanaged index for performance comparison purposes:

S&P 500 Index -- the S&P 500 is an index of 500 stocks designed to mirror the overall equity market's industry weighting. Most, but not all, large-capitalization stocks are in the Index. There are also some small-capitalization names in the Index. The Index is maintained by Standard & Poor's Corporation. It is market capitalization weighted. There are always 500 issuers in the S&P 500. Changes are made by Standard & Poor's as needed.

TAX STATUS

The following is a summary of certain United States federal income and excise tax considerations generally affecting the Fund and its United States shareholders. Reference should be made to the prospectus for the applicable Contract for more information regarding the federal income tax consequences to an owner of a Contract. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), United States Treasury regulations thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change, possibly on a retroactive basis.

The Fund has qualified and elected to be treated as a regulated investment company ("RIC") under Subchapter M of the Code and intends to continue to so qualify, which qualification requires compliance with certain requirements concerning the sources of its income, diversification of its assets, and the amount and timing of its distributions to shareholders. As a RIC, the Fund will generally not be subject to federal income tax on its net investment income and net realized capital gains, if any, to the extent that it distributes such income and capital gains to its shareholders. In addition, the Fund does not expect to be subject to the 4% federal excise tax normally imposed on RICs with undistributed income. Each year, the Fund expects to distribute substantially all of its net investment income (including cash dividends and interest paid on the portfolio's investments less estimated expenses) and all net realized short-term and long-term capital gains, if any, earned during the year. The Fund reinvests all income and capital gains distributions in the form of additional shares at NAV. The value of the Fund's shares is based on the amount of its net assets, including any undistributed net income and capital gains. Any distribution of income or capital gains results in a decrease in the value of the Fund's shares equal to the amount of the distribution. Additionally, the Fund intends to comply with the diversification requirements under Section 817(h) of the Code related to the tax-deferred status of insurance company separate accounts. The Fund's failure to comply with these diversification requirements may result in net income and realized capital gains that the Fund distributes being currently taxable to owners of Contracts.

If the Fund fails to qualify as a RIC for any taxable year, (a) its taxable income, including net capital gain, will be taxed at regular corporate income tax rates (up to 35%) and it will not receive a deduction for distributions to its shareholders, (b) the shareholders would treat all those distributions, including distributions of net capital gain, as taxable dividends to the extent of the Fund's current and accumulated earnings and profits and (c) most importantly, each insurance company separate account invested therein would fail to satisfy the diversification requirements of Section 817(h) of the Code, with the result that the Contracts supported by that account would no longer be eligible for tax deferral. See the applicable Contract prospectus for more information.

The only shareholders of the Fund will be the Contracts. For more information concerning the federal income tax consequences to an owner of a Contract, see the separate prospectus for such Contract.

The foregoing is only a general summary of some of the important federal income tax considerations generally affecting the Fund and its shareholders. No attempt is made to present a complete explanation of the federal income tax treatment of the Fund's activities or to discuss state, local, foreign or other tax matters affecting the Fund. Shareholders are urged to consult their own tax advisors for more detailed information concerning tax implications of investments in the Fund.

ORGANIZATION AND CAPITALIZATION

General.

The Fund, an open-end management investment company, was organized as a Delaware statutory trust on November 22, 2002. The Fund currently offers one series of shares to investors, The Merger Fund VL. The Fund is non-diversified and has its own investment objective and policies. The Fund may start another series and offer shares of a new fund under the Fund at any time.

Shares of the Fund have equal voting rights and liquidation rights, and are voted in the aggregate and not by the Fund except in matters where a separate vote is required by the 1940 Act or, when the matter affects only the interest of a particular Fund. When matters are submitted to shareholders for a vote, each shareholder is entitled to one vote for each full share owned and fractional votes for fractional shares owned. The Fund does not normally hold annual meetings of shareholders. The Trustees shall promptly call and give notice of a meeting of shareholders for the purpose of voting upon removal of any Trustee when requested to do so in writing by shareholders holding 10% or more of the Fund's outstanding shares. The Fund will comply with the provisions of Section 16(c) of the 1940 Act in order to facilitate communications among shareholders.

Each share of the Fund represents an equal proportionate interest in the assets and liabilities belonging to the Fund with each other share of the Fund and is entitled to such dividends and distributions out of the income belonging to the Fund as are declared by the Trustees. The shares do not have cumulative voting rights or any preemptive or conversion rights, and the Trustees have the authority from time to time to divide or combine the shares of the Fund into a greater or lesser number of shares of the Fund so long as the proportionate beneficial interests in the assets belonging to the Fund and the rights of shares of any other fund are in no way affected. In case of any liquidation of the Fund, the holders of shares of the Fund will be entitled to receive as a class a distribution out of the assets, net of the liabilities, belonging to the Fund. Expenses attributable to the Fund are borne by the Fund. Any general expenses of the Fund not readily identifiable as belonging to the Fund are allocated by or under the direction of the Trustees in such manner as the Trustees allocate such expenses on the basis of relative net assets or number of shareholders. No shareholder is liable to further calls or to assessment by the Fund without his or her express consent.

The assets of the Fund received for the issue or sale of its shares, and all income, earnings, profits and proceeds thereof, subject only to the rights of creditors, shall constitute the underlying assets of the Fund. In the event of the dissolution or liquidation of the Fund, the holders of shares of the Fund are entitled to share pro rata in the net assets of the Fund available for distribution to shareholders.

Control Persons and Principal Holders.

Control persons are persons deemed to control the Fund because they own beneficially over 25% of the outstanding equity securities. Principal holders are persons that own beneficially 5% or more of the Fund's outstanding equity securities. As of March 31, 2007, MetLife Life and Annuity Company of Connecticut, P.O. Box 990027, Hartford, Connecticut 06199, owned 83.90% of the Fund, and Hartford Life Insurance Company, Unit Operations, P.O. Box 2999, Hartford, Connecticut 06104-2999, owned 13.29% of the Fund.

The Fund was originally established exclusively for the purpose of providing an investment vehicle for insurance-company separate accounts in connection with variable annuity contracts or variable life insurance policies issued by Metropolitan Life Insurance Company of Connecticut (formerly known as The Travelers Insurance Company) or MetLife Life and Annuity Company of Connecticut (formerly known as The Travelers Life and Annuity Company). However, under an order granted by the SEC on March 8, 2004, the Fund is permitted to engage in “mixed and shared funding” (the “Mixed and Shared Funding Order”). This allows the Fund to sell shares to separate accounts funding Contracts and certain other permitted parties, which the Fund has done with Hartford. The Fund intends to engage in mixed and shared funding arrangements in the future and in doing so must comply with conditions of the Mixed and Shared Funding Order that are designed to protect investors. Due to the differences in tax treatment and other considerations, the interests of the various Contract owners may conflict. The Fund’s Board of Trustees will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict. Such action could result in one or more participating insurance companies withdrawing their investment in the Fund. Because of current federal securities law requirements, the Fund expects that its shareholders will offer Contract owners the opportunity to instruct shareholders as to how shares allocable to Contracts will be voted with respect to certain matters, such as approval of investment advisory agreements.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Fund has selected PricewaterhouseCoopers LLP, 100 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, as its independent registered public accounting firm.

COUNSEL

The firm of Fulbright & Jaworski L.L.P. is counsel to the Fund.

FINANCIAL STATEMENTS

The statement of assets and liabilities, including the schedules of investments, of options written and of securities sold short, as of December 31, 2006, the related statement of operations for the year ended December 31, 2006, statements of changes in net assets for the year ended December 31, 2006, financial highlights, and notes to the financial statement and the report of the independent registered public accounting firm to the Trustees and shareholder of the Fund, dated February 19, 2007 (included in the Fund’s Annual Report) are incorporated herein by reference. A copy of the Fund’s Annual Report may be obtained, without charge, by contacting the Fund’s transfer agent, U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or by calling (800) 343-8959.

THE MERGER FUND VL
PART C

OTHER INFORMATION

Item 23. Exhibits.

(a) *Incorporation Documents*

(i) Certificate of Trust [1]

(ii) Agreement and Declaration of Trust [1]

(b) *Bylaws* [1]

(c) *Instruments Defining Rights of Security Holders* — Incorporated by reference to the Agreement and Declaration of Trust.

(d) *Investment Advisory Agreement* [2]

(e) *Underwriting Agreement* — Not applicable.

(f) *Bonus or Profit Sharing Contracts* — Not applicable.

(g) *Custody Agreement* [2]

(h) *Other Material Contracts*

(i) Fund Administration Servicing Agreement [2]

(ii) Transfer Agent Servicing Agreement [2]

(iii) Fund Accounting Servicing Agreement [6]

(iv) Power of Attorney [2]

(v) Amended and Restated Expense Waiver and Reimbursement Agreement [3]

(vi) Participation Agreement with Travelers Insurance Company (now known as Metropolitan Life Insurance Company of Connecticut) [4]

(vii) Services Agreement with Ayco Services Agency, L.P. [3]

(viii) Participation Agreement with Hartford Life Insurance Company [5]

(ix) Administrative Service Agreement, by and among the Fund, Westchester Capital Management, Inc., The Travelers Insurance Company (now known as Metropolitan Life Insurance Company of Connecticut) and The Travelers Life and Annuity Company (now known as MetLife Life and Annuity Company of Connecticut) — Filed herewith.

(x) Administrative Service Agreement, as amended, by and among the Fund, Westchester Capital Management, Inc. and Harford Life Insurance Company — Filed herewith.

(i) *Opinion and Consent of Counsel*— Filed herewith.

(j) *Consent of Independent Registered Public Accounting Firm* — Filed herewith.

(k) *Omitted Financial Statements* — Not applicable.

(l) *Agreement Relating to Initial Capital*(2)

(m) *Rule 12b-1 Plan* — Not applicable.

(n) *Rule 18f-3 Plan* — Not applicable.

(o) *Reserved*.

(p) *Codes of Ethics*

(i) Joint Code of Ethics of the Fund and The Merger Fund — Filed herewith.

(ii) Code of Ethics of Westchester Capital Management, Inc. — Filed herewith.

(1) Previously filed with Registrant's Registration Statement on Form N-1A with the Securities and Exchange Commission on January 10, 2003 and is incorporated by reference.

(2) Previously filed with Pre-Effective Amendment No. 1 to Registrant's Registration Statement on Form N-1A, filed with the Securities and Exchange Commission on July 23, 2003.

(3) Previously filed with Post-Effective Amendment No. 2 to Registrant's Registration Statement on Form N-1A, filed with the Securities and Exchange Commission on April 22, 2004

(4) Previously filed with Post-Effective Amendment No. 1 to Registrant's Registration Statement on Form N-1A, filed with the Securities and Exchange Commission on September 9, 2003.

(5) Previously filed with Post-Effective Amendment No. 3 to Registrant's Registration Statement on Form N-1A, filed with the Securities and Exchange Commission on February 23, 2005.

(6) Previously filed with Post-Effective Amendment No. 5 to Registrant's Registration Statement on Form N-1A, filed with the Securities and Exchange Commission on April 25, 2006.

Item 24. Persons Controlled by or Under Common Control with Registrant.

No person is directly or indirectly controlled by or under common control with the Registrant.

Item 25. Indemnification.

Reference is made to Article VII of the Registrant's Agreement and Declaration of Trust.

Pursuant to Rule 484 under the Securities Act of 1933, as amended, the Registrant furnishes the following undertaking: "Insofar as indemnification for liability arising under the Securities Act of 1933 (the "Act") may be permitted to trustees, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a trustee, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such trustee, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue."

Item 26. Business and Other Connections of the Investment Adviser.

Westchester Capital Management, Inc. serves as the investment adviser for the Registrant. The business and other connections of Westchester Capital Management, Inc. and its directors and officers are set forth in the Uniform Application for Investment Adviser Registration ("Form ADV") of Westchester Capital Management, Inc. filed with the Securities and Exchange Commission.

Item 27. Principal Underwriter.

Not applicable.

Item 28. Location of Accounts and Records.

The books and records required to be maintained by Section 31(a) of the Investment Company Act of 1940 are maintained in the following locations:

Records Relating to:	Are located at:
Registrant's Fund Administrator, Fund Accountant, and Transfer Agent	U.S. Bancorp Fund Services, LLC 615 East Michigan Street Milwaukee, WI 53202
Registrant's Investment Adviser	Westchester Capital Management, Inc. 100 Summit Lake Drive Valhalla, NY 10595
Registrant's Custodian	U.S. Bank, N.A. 1555 North RiverCenter Drive, Suite 302 Milwaukee, WI 53212

Item 29. Management Services Not Discussed in Parts A or B.

Not applicable.

Item 30. Undertakings.

Not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Registration Statement under Rule 485(b) under the Securities Act of 1933 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, duly authorized, in the County of Westchester and State of New York, on the 18th day of April, 2007.

THE MERGER FUND VL

By: /s/ Frederick W. Green
Frederick W. Green
President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below on April 18, 2007 by the following persons in the capacities indicated.

Signature	Title
/s/ Frederick W. Green Frederick W. Green	President and Trustee
/s/ James P. Logan III James P. Logan III	Trustee
/s/ Michael J. Downey Michael J. Downey	Trustee
/s/ Barry Hamerling Barry Hamerling	Trustee
/s/ Bonnie L. Smith Bonnie L. Smith	Vice President, Secretary and Treasurer

EXHIBIT INDEX

Exhibit	Exhibit No.
Administrative Service Agreement, by and among the Fund, Westchester Capital Management, Inc., The Travelers Insurance Company (now known as Metropolitan Life Insurance Company of Connecticut) and The Travelers Life and Annuity Company (now known as MetLife Life and Annuity Company of Connecticut)	EX-99(h)(ix)
Administrative Service Agreement, as amended, by and among the Fund, Westchester Capital Management, Inc. and Harford Life Insurance Company	EX-99(h)(x)
Opinion and Consent of Counsel	EX-99(i)
Consent of Independent Registered Public Accounting Firm	EX-99(j)
Joint Code of Ethics of the Fund and The Merger Fund	EX-99(p)(i)
Code of Ethics of Westchester Capital Management, Inc.	EX-99(p)(ii)

Exhibit 99(h)(ix)

ADMINISTRATIVE SERVICE AGREEMENT

This ADMINISTRATIVE SERVICE AGREEMENT ("Agreement") is made and entered into as of this 30th day of June 2004, by and among **The Merger Fund VL**, an open-end management investment company organized as a statutory trust under the laws of the State of Delaware (the "Fund"); **Westchester Capital Management, Inc.**, a corporation organized under the laws of the State of New York a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and investment adviser to the Fund (the "Adviser"); **The Travelers Insurance Company, and The Travelers Life and Annuity Company**, both Connecticut Corporations (collectively, the "Company"), on its own behalf and on behalf of each segregated asset account of the Company named on Schedule C hereto as may be amended from time to time (each such account hereinafter referred to as the "Account").

WHEREAS, the Fund engages in business as an open-end management investment company and was established for the purpose of serving as the investment vehicle for separate accounts established for variable life insurance contracts and variable annuity contracts to be offered by insurance companies; and

WHEREAS, the Company desires to provide certain shareholder services to certain owners of variable life insurance contracts and variable annuity contracts issued by the Company ("Owners") in connection with their indirect investment in the series of the Fund listed on Schedule A, as such Schedule may be amended from time to time, hereto (each a "Portfolio");

THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound, the parties agree as follows:

1. Services of the Company

(a) The Company shall provide any combination of the following support services, as agreed upon by the parties from time to time, to Owners who invest in the Portfolios:

printing and delivering prospectuses, statements of additional information, shareholder reports, proxy statements and marketing materials related to the Portfolios to existing Owners;

providing facilities to answer questions from existing Owners about the Portfolios; receiving and answering correspondence; providing information to the Fund and/or the Adviser and

to Owners with respect to shares of the Portfolios attributable to Owner accounts; complying with federal and state securities laws pertaining to the sale of shares of the Portfolios; and

assisting Owners in completing application forms and selecting account options.

(b) The Company will provide such office space and equipment, telephone facilities, and personnel as may be reasonably necessary or beneficial in order to provide such

services to Owners.

(c) The Company will furnish to the Fund, the Adviser or their designees such information as the Fund and/or the Adviser may reasonably request, and will otherwise cooperate

with the Fund and/or the Adviser in the preparation of reports to the Fund's Board of Directors concerning this Agreement, as well as any other reports or filing that may be required by

law.

2. Maintenance of Records

Each party shall maintain and preserve all records as required by law to be maintained and preserved in connection with providing the services described herein. Upon the

reasonable request of the Fund and/or the Adviser, the Company will provide the Fund, the Adviser or the representative of either, copies of all such records.

3. Compliance with Law

At all times, the Company shall comply with all laws, rules and regulations applicable to it by virtue of entering into the Agreement. At all times, the Fund and the Adviser shall
comply with all laws, rules and regulations applicable to it by virtue of entering into this Agreement.

4. Relationship of Parties

It is understood and agreed that all services performed hereunder by the Company shall be as an independent contractor and not as an employee or agent of the Fund, the Adviser
or any of the Portfolios, and neither of the parties shall hold itself out as an agent of the other party with the authority to bind such party.

5. Expenses

The Company or its affiliates shall bear all expenses of delivering prospectuses, statements of additional information, shareholder reports, proxy statements and marketing materials relating to the Fund to existing Owners and of providing services to Owners set forth in Section 1 of this Agreement.

6. Compensation

The Fund shall pay the Company for the services to be provided by the Company under this Agreement in accordance with, and in the manner set forth in, Schedule B hereto, as

such Schedule may be amended from time to time.

7. Representations, Warranties and Agreements

(a) Each party represents and warrants that it is free to enter into this Agreement and that by doing so it will not breach or otherwise impair any other agreement or

understanding with any other person, corporation, or other entity.

(b) The Company represents and warrants that:

(i) it has full power and authority under applicable law, and has taken all action necessary, to enter into and perform this Agreement;

(ii) if and to the extent required by applicable law, the arrangement provided for in this Agreement, including the amount of the fee received by the Company, will be timely disclosed to the Owners;

(iii) the execution, performance and delivery of this Agreement will not result in it violating, breaching or otherwise impairing any judgment, order or contractual obligation to which it is subject;

(iv) the Agreement constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms; and

(c) Fund and Adviser represents and warrants that:

(i) it is registered as an investment adviser under the investment advisers Act of 1940, as amended ("Advisers Act");

(ii) it has full power and authority under applicable law, and has taken all action necessary, to enter into and perform this Agreement;

(iii) the Agreement constitutes a legal, valid and binding obligation, enforceable against them in accordance with its terms;

(iv) the execution, performance and delivery of the Agreement will not result in them violating, breaching or otherwise impairing any judgment, order or contractual obligation to which it is subject; and

(v) the payment of the fees to the Company by the Fund for performance of the duties and the provision of services by the Company as described as provided in this Agreement will not violate federal or state securities laws, or any other applicable law.

8. Termination

(a) Unless sooner terminated with respect to any Portfolio, this Agreement will continue with respect to a Portfolio until terminated.

(b) This Agreement may be terminated with respect to any Portfolio by the Fund, the Adviser or by the Company without penalty, upon sixty (60) days' prior written notice to

the other party.

(c) Sections 7, 12 and 15 shall survive termination of this Agreement.

9. Assignment

The Agreement may not be assigned (as that term is defined by the Advisers Act) by either party without the prior written consent of the other party, except that the Fund

and/or the Adviser may assign this Agreement to any entity controlling, controlled by or under common control with the Fund and/or the Adviser without the consent of the Company.

10. Non-Exclusivity

Each of the parties acknowledges and agrees that this Agreement and the arrangement described herein are intended to be non-exclusive and that each of the parties is free to

enter into similar agreements and arrangements with other entities.

11. Notices

All notices and other communications to either the Company, the Fund or the Adviser will be duly given if mailed, telegraphed or telecopied to the address set forth below, or at

such other address as either party may provide in writing to the other party.

If to the Company:

Travelers Life & Annuity Company
One Cityplace
Hartford, Connecticut 06103
Attn: General Counsel

If to the Fund:

The Merger Fund VL
100 Summit Lake Drive
Valhalla, New York 10595
Attn: Bonnie Smith

If to the Adviser:

Westchester Capital Management, Inc.
100 Summit Lake Drive
Valhalla, New York 10595
Attn: Bonnie Smith

12. Confidentiality

All parties agree to keep confidential all proprietary data, software, processes, information and documentation provided by the other party (collectively, the "Confidential

Information"), unless the party providing such information consents in writing to the disclosure of the Confidential Information, the Confidential Information is already in the public

domain by no fault of either party to this Agreement, or the disclosure of the Confidential Information is required by law or by a governmental body or self-regulatory organization.

13. Modification

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement, and no modification, amendment or waiver of

any of the provisions of this Agreement shall be effective unless made in writing specifically referring to this Agreement and signed by the parties hereto.

14. Counterparts

This Agreement may be executed in any number of counterparts which all together shall constitute one instrument.

15. Governing Law; Severability

This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut applicable to agreements fully executed and to be performed therein,

and without giving effect to the choice of law principals thereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement by their duly authorized officers as of the date and year first written above.

THE MERGER FUND VL

By /s/Bonnie L. Smith

Name: Bonnie L. Smith, Vice President

Title: ______

WESTCHESTER CAPITAL MANAGEMENT, INC.

By /s/ Bonnie L. Smith

Name: Bonnie L. Smith, Vice President

Title: ______

THE TRAVELERS INSURANCE COMPANY
By /s/ Ernest J. Wright

Name: ______

Title: ______

-

THE TRAVELERS LIFE AND ANNUITY COMPANY

By /s/ Ernest J. Wright

Name: ______

Title: ______

-

SCHEDULE A

PORTFOLIOS

THE MERGER FUND VL

SCHEDULE B

COMPENSATION

The Company shall receive a fee from the Fund, accrued daily and paid on a monthly basis, calculated at an annual rate of 0.25% of each Portfolio's average daily net

assets attributable to shares of the Portfolio beneficially owned by Owners of the variable life and variable annuity polices offered through the Accounts. Such fee shall be payable

beginning on the earlier of (i) two years from the date of this Agreement or (ii) the date when a Portfolio's average daily net assets attributable to shares of the Fund beneficially owned

by Owners of the variable life and variable annuity polices offered through the Accounts reaches $10 million.

SCHEDULE C

SEPARATE ACCOUNTS

The Travelers Insurance Company	The Travelers Life and Annuity Company
The Travelers Fund UL for Variable Life Insurance	The Travelers Fund UL II for Variable Life Insurance
The Travelers Fund UL III Variable Life Insurance	

Exhibit 99(h)(x)

ADMINISTRATIVE SERVICE AGREEMENT

This ADMINISTRATIVE SERVICE AGREEMENT ("Agreement") is made and entered into as of this 18th day of October 2004, by and among **The Merger Fund VL**, a registered investment company under the Investment Company Act of 1940, as amended (the "1940 Act") and organized as a statutory trust under the laws of the State of Delaware (the "Fund"); **Westchester Capital Management, Inc.**, a corporation organized under the laws of the State of New York, a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and investment adviser to the Fund (the "Adviser"); and **Hartford Life Insurance Company**, a Connecticut corporation (the "Company").

WHEREAS, the Fund engages in business as an open-end management investment company and was established for the purpose of serving as the investment vehicle for separate accounts established for variable life insurance contracts and variable annuity contracts to be offered by insurance companies;

WHEREAS, the Fund has entered into a Participation Agreement, as amended, with the Company whereby the Fund will be included as an investment option in the separate accounts set forth on**Schedule A** hereto (the "Accounts") established by the Company to serve as investment vehicles for certain variable annuity and/or variable life insurance policies offered by the Company;

WHEREAS, the parties hereto acknowledge and agree that the Adviser is not a registered broker/dealer, that the Adviser is not receiving any form of sales compensation for the sale of shares of the Fund to any party and the Company is not receiving any form of compensation from the Adviser or the Fund for the sale of shares of the Fund to any party; and

WHEREAS, the Company desires to provide certain shareholder services to certain owners of variable annuity and/or variable life insurance policies issued by the Company ("Owners") in connection with their indirect investment in the Fund through the Accounts;

THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound, the parties agree as follows:

1. Services of the Company

(a) The Company shall provide any combination of the following support services, as agreed upon by the parties from time to time, to Owners who indirectly invest in the Fund through the Accounts: responding to inquiries from the Owners using the Fund as an investment vehicle; providing information to Adviser and to Owners with respect to shares attributable to Owner accounts; communicating directly with Owners concerning the Fund's operations; and providing such other similar services as Adviser of the Fund may reasonably request pursuant to and to the extent permitted or required under applicable statutes, rules and regulations.

(b) The Company will provide such office space and equipment, telephone facilities, and personnel as may be reasonably necessary or beneficial in order to provide such services to Owners.

(c) The Company will furnish to the Fund, the Adviser or their designees such information as the Fund and/or the Adviser may reasonably request, and will otherwise reasonably cooperate with the Fund and/or the Adviser in the preparation of reports to the Fund's Board of Trustees concerning this Agreement, as well as any other reports or filings that may be required by law.

2. Maintenance of Records

Each party shall maintain and preserve all records as required by law to be maintained and preserved in connection with providing the services described herein. Upon the reasonable request of the Fund and/or the Adviser, the Company will provide the Fund, the Adviser or the representative of either with reasonable access to all such records, including, if requested, copies thereof.

3. Compliance with Law

At all times, the Company shall comply with all laws, rules and regulations applicable to it by virtue of entering into the Agreement. At all times, the Fund and the Adviser shall comply with all laws, rules and regulations applicable to it by virtue of entering into this Agreement.

4. Indemnification

(a) The Company shall indemnify and hold harmless the Fund, the Adviser and their respective trustees, officers, employees, and agents ("Indemnified Parties") from and against any and all actual losses, claims, liabilities and expenses (including reasonable attorney's fees) ("Losses") incurred by any of them arising out of (i) the Company's dissemination of information regarding the Fund or the Adviser that is materially incorrect and that was not provided to the Company, or approved by the Fund or the Adviser, or any of their agents or "affiliated persons", as defined under the 1940 Act, or (ii) the Company's willful misconduct or negligence in the performance of, or failure to perform, its obligations under this Agreement, except to the extent such Losses result from the gross negligence or willful misconduct of, or breach of this Agreement by, an Indemnified Party.

(b) In any event, no party shall be liable for any special, consequential or incidental damages.

(c) This indemnification obligation shall survive any termination of this Agreement.

5. Relationship of Parties

It is understood and agreed that all services performed hereunder by the Company shall be as an independent contractor and not as an employee or agent of the Fund or the Adviser, are not the services of an underwriter or a principal underwriter of the Fund within the meaning of the Securities Act of 1933, as amended, or the 1940 Act, neither the Fund nor the Adviser shall hold itself out as an agent of the Company with the authority to bind the Company, and the Company shall not hold itself out as an agent of the Fund or the Adviser with the authority to bind the Fund or the Adviser.

6. Expenses

The Company or its affiliates shall bear all expenses of providing the services to Owners set forth in Section 1 of this Agreement.

7. Compensation

The Fund shall pay the Company for the services to be provided by the Company under this Agreement in accordance with, and in the manner set forth in,**Schedule B** hereto, as such Schedule may be amended from time to time.

8. Representations, Warranties and Agreements

(a) Each party represents and warrants that it is free to enter into this Agreement and that by doing so it will not breach or otherwise impair any other agreement or understanding with any other person, corporation, or other entity.

(b) The Company represents and warrants that:

(i) it has full power and authority under applicable law, and has taken all action necessary, to enter into and perform this Agreement;

(ii) if and to the extent required by applicable law, the arrangement provided for in this Agreement, including the amount of the fee received by the Company, will be timely disclosed to the Owners;

(iii) the execution, performance and delivery of this Agreement will not result in it violating, breaching or otherwise impairing any judgment, order or contractual obligation to which it is subject;

(iv) the Agreement constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms; and

(c) Fund and Adviser represent and warrant that:

(i) the Fund is registered as an investment company under the 1940 Act and the Adviser is registered as an investment adviser under the Advisers Act;

(ii) they have full power and authority under applicable law, and have taken all action necessary, to enter into and perform this Agreement;

(iii) the Agreement constitutes a legal, valid and binding obligation, enforceable against them in accordance with its terms;

(iv) the execution, performance and delivery of the Agreement will not result in them violating, breaching or otherwise impairing any judgment, order or contractual obligation to which they are subject; and

(v) the payment of the fees to the Company by the Fund for performance of the duties and the provision of services by the Company as described in this Agreement will not violate federal or state securities laws, or any other applicable law.

9. Termination

(a) This Agreement may be terminated by the Fund, the Adviser or by the Company without penalty, (i) upon sixty (60) days' prior written notice to the other parties or (ii) upon such shorter notice as is required by law, order, or instruction by a court of competent jurisdiction or a regulatory body or self-regulatory organization with jurisdiction over the terminating party.

(b) Sections 4, 14 and 17 shall survive termination of this Agreement.

10. Assignment

The Agreement may not be assigned (as that term is defined by the Advisers Act) by either party without the prior written consent of the other parties, which consent shall not be unreasonably withheld or delayed, except that any party may assign this Agreement to any entity controlling, controlled by or under common control with such party without the consent of the other parties hereto.

11. Schedules and Exhibits

All schedules and exhibits attached to this Agreement, as they may be amended from time to time, are by this reference incorporated into and made a part of this Agreement.

12. Non-Exclusivity

Each of the parties acknowledges and agrees that this Agreement and the arrangement described herein are intended to be non-exclusive and that each of the parties is free to enter into similar agreements and arrangements with other entities.

13. Notices

All notices and other communications to either the Company, the Fund or the Adviser shall be in writing and will be duly given if mailed, telegraphed or telecopied to the address set forth below, or at such other address as either party may provide in writing to the other party.

If to the Company:

Hartford Life Insurance Co.
200 Hopmeadow Street
Simsbury, Connecticut 06070
Attn: Thomas M. Marra, President

With a copy to:

Hartford Life Insurance Co.
200 Hopmeadow Street
Simsbury, Connecticut 06070
Attn: General Counsel

If to the Fund:

The Merger Fund VL
100 Summit Lake Drive
Valhalla, New York 10595
Attn: Bonnie L. Smith

If to the Adviser:

Westchester Capital Management, Inc.
100 Summit Lake Drive
Valhalla, New York 10595
Attn: Bonnie L. Smith

If to the Fund or the Adviser, with a copy to:

Fulbright & Jaworski L.L.P.
666 Fifth Avenue
New York, New York 10103-3198
Attn: William H. Bohnett

14. Confidentiality

All parties agree to keep confidential all proprietary data, software, processes, information and documentation provided by the other party (collectively, the "Confidential Information"), unless the party providing such information consents in writing to the disclosure of the Confidential Information, the Confidential Information is already in the public domain by no fault of either party to this Agreement, or the disclosure of the Confidential Information is required by law or by a governmental body or self-regulatory organization.

15. Modification

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement, supersedes any and all agreements, representations and warranties, written or oral, regarding such subject matter made prior to the time at which this Agreement has been executed and delivered by the parties, and no modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless made in writing specifically referring to this Agreement and signed by the parties hereto.

16. Counterparts

This Agreement may be executed in any number of counterparts which all together shall constitute one instrument.

17. Governing Law; Severability

This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements fully executed and to be performed therein, and without giving effect to the choice of law principles thereof. If any provision of this Agreement shall be held or made invalid by a court or regulatory agency decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Agreement by their duly authorized officers as of the date and year first written above.

THE MERGER FUND VL

By:_____/s/ Roy Behren___________________

Name: _____Roy Behren___________________

Title: _____CCO__________________________

WESTCHESTER CAPITAL MANAGEMENT, INC.

By:_____/s/ Roy Behren___________________

Name: _____Roy Behren___________________

Title: _____CCO__________________________

HARTFORD LIFE INSURANCE COMPANY

By:_____/s/ Daniel Andriola________________

Name: _____Daniel Andriola_______________

Title: _____VP____________________________

SCHEDULE A

SEPARATE ACCOUNTS

Name of Separate Account and Date Established

Hartford Life Insurance Company
Separate Account ICMG Series VII
April 1, 1999

SCHEDULE B

COMPENSATION

The Company shall receive a fee from the Fund, accrued daily and paid on a monthly basis, calculated at an annual rate of 0.05% of the Fund's average daily net assets attributable to shares of the Fund beneficially owned by Owners of the variable life and variable annuity policies offered through the Accounts.

ADMINISTRATIVE SERVICE AGREEMENT
FIRST AMENDMENT

The Merger Fund VL, a registered investment company under the Investment Company Act of 1940, as amended (the "1940 Act") and organized as a statutory trust under the laws of the State of Delaware (the "Fund"); Westchester Capital Management, Inc., a corporation organized under the laws of the State of New York, a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and investment adviser to the Fund (the "Adviser"); and Hartford Life Insurance Company, a Connecticut corporation (the "Company") (altogether the "Parties") previously entered into an Administrative Services Agreement (the "Agreement") as of October 18, 2004. Now, pursuant to Section 15 of the Agreement, the Parties wish to amend the Agreement by way of this first amendment to the Agreement (the "First Amendment"), effective May 1, 2006.

The Agreement is hereby amended as follows. The current Schedule A, Separate Accounts, and Schedule B, Compensation, are deleted in their entirety and replaced with the Revised Schedule A, Separate Accounts, and the Revised Schedule B, Compensation, attached to this First Amendment.

All other terms of the Agreement shall remain in full and effect without change.

IN WITNESS WHEREOF, the undersigned have executed this First Amendment to the Administrative Service Agreement by their duly authorized representatives as of the date first written below.

THE MERGER FUND VL

By: /s/ Roy Behren

Name: Roy Behren

Title: CCO

Date: 5/2/06

HARTFORD LIFE INSURANCE COMPANY

By: /s/ Joseph F. Mahoney

Name: Joseph F. Mahoney

Title: Vice President

Date: 5/8/06

WESTCHESTER CAPITAL MANAGEMENT, INC.

By: /s/ Roy Behren

Name: Roy Behren

Title: CCO

Date: 5/2/06

REVISED SCHEDULE B
ADMINISTRATIVE SERVICE AGREEMENT
FIRST AMENDMENT

COMPENSATION

The Company shall receive a fee from the Fund, accrued daily and paid on a monthly basis, calculated at an annual rate of 0.40% of the Fund's average daily net assets attributable to

shares of the Fund beneficially owned by Owners of the variable life and variable annuity policies offered through the Accounts.

REVISED SCHEDULE A
ADMINISTRATIVE SERVICE AGREEMENT
FIRST AMENDMENT

SEPARATE ACCOUNTS

Name of Separate Account and Date Established

Hartford Life Insurance Company

Separate Account ICMG Series VII

April 1, 1999

Hartford Life Insurance Company

PPVA Separate Account

December 20, 2004

EXHIBIT 99(i)

[FULBRIGHT & JAWORSKI L.L.P. LETTERHEAD]

April 18, 2007

The Merger Fund VL
100 Summit Lake Drive
Valhalla, New York 10595

Re: Registration Statement on Form N-1A
Securities Act File No. 333-102461
Investment Company Act File No. 811-21279

Ladies and Gentlemen:

This will refer to the Registration Statement under the Securities Act of 1933 (File No. 333-102461) and Investment Company Act of 1940 (File No. 811-21279), filed by The Merger Fund VL (the “Fund”), a Delaware statutory trust, with the Securities and Exchange Commission and the further amendments thereto (the “Registration Statement”), covering the registration under the Securities Act of 1933 of an indefinite number of shares of beneficial interest of the Fund (the “Shares”).

As counsel to the Fund, we have examined such documents and reviewed such questions of law as we deem appropriate. On the basis of such examination and review, it is our opinion that the Shares have been duly authorized and, when issued, sold and paid for in the manner contemplated by the Registration Statement, will be legally issued, fully paid and non-assessable. We consent to the use of this opinion as an exhibit to the Registration Statement and the reference to this firm under the heading “Counsel” in the Statement of Additional Information filed as part of the Registration Statement. This consent is not to be construed as an admission that we are a person whose consent is required to be filed with the Registration Statement under the provisions of the Securities Act of 1933.

Very truly yours,

/s/ Fulbright & Jaworski L.L.P.

EXHIBIT 99(j)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form N-1A of our report dated February 19, 2007, relating to the financial statements and financial highlights, which appears in the December 31, 2006 Annual Report to Shareholders of The Merger Fund VL which are also incorporated by reference into the Registration Statement. We also consent to the references to us under the headings “Financial Highlights” and “Independent Registered Public Accounting Firm” in such Registration Statement.

/s/PRICEWATERHOUSECOOPERS LLP
Milwaukee, WI
April 18, 2007

THE MERGER FUND
THE MERGER FUND VL
JOINT CODE OF ETHICS

1. Statement of General Principles

This Code of Ethics expresses the policy and procedures of The Merger Fund and The Merger Fund VL (the "Funds"), and is enforced to ensure that no one is taking advantage of his or her position, or even giving the appearance of placing his or her own interests above those of the Funds. Investment company personnel at all levels must act as fiduciaries, and as such must place the interests of the shareholders of the Funds before their own. Thus, we ask that when contemplating any personal transaction you ask yourself what you would expect or demand if you were a shareholder of the Funds.

Rule 17j-1 under the Investment Company Act of 1940 (the "Act") makes it unlawful for certain persons, in connection with the purchase or sale of securities, to, among other things, engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon a registered investment company. In compliance with Rule 17j-1, this Code contains provisions that are believed to be reasonably necessary to eliminate the possibility of any such conduct. We ask that all personnel follow not only the letter of this Code but also abide by the spirit of this Code and the principles articulated herein.

2. Definitions

"Access Person" of the Funds shall mean any Advisory Person of the Funds or the Adviser.

"Adviser" shall mean Westchester Capital Management, Inc., or such other entity as may act as adviser or sub-adviser to the Funds.

"Advisory Person" of the Funds shall mean (i) any trustee, director, officer, general partner, Portfolio Manager, Investment Personnel or employee of the Funds or the Adviser (or of any company in a control relationship to the Funds or the Adviser) who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding, the purchase or sale of Covered Securities by the Funds, or whose functions relate to the making of any recommendations with respect to such purchases or sales and (ii) any natural person in a control relationship to the Funds or the Adviser who obtains information concerning recommendations made to the Funds with regard to the purchase or sale of Covered Securities by the Funds.

The term "beneficial ownership" shall be interpreted in the same manner as it would be in determining whether a person has beneficial ownership of a security for purposes of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder, except that any required report may contain a disclaimer of beneficial ownership by the person making the report.

"Compliance Officer" shall mean one or more persons designated by the Funds to perform the functions described herein.

"Control" shall have the same meaning as that set forth in Section 2(a)(9) of the Act.

"Covered Security" shall mean a security as defined in Section 2(a)(36) of the Act, except that it does not include: (i) direct obligations of the Government of the United States; (ii) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; and (iii) shares issued by registered open-end investment companies.

"Disinterested Trustee" of the Funds shall mean a trustee thereof who is not an "interested person" of the Funds within the meaning of Section 2(a)(19) of the Act.

"Investment Personnel" of the Funds shall mean (i) any employee of the Funds (or of any company in a control relationship to the Funds) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by the Funds and (ii) any natural person who controls the Funds and who obtains information concerning recommendations made to the Funds regarding the purchase or sale of securities by the Funds. Investment Personnel includes Fund Portfolio Managers and those persons who provide information and advice to the Portfolio Managers or who help execute the Portfolio Managers' decisions (e.g., securities analysts and traders).

"Portfolio Managers" of the Funds shall mean those persons who have direct responsibility and authority to make investment decisions for the Funds.

The term "security" shall have the meaning set forth in Section 2(a)(36) of the Act and shall include options, but shall not include short-term debt securities which are "government securities" within the meaning of Section 2(a)(16) of the Act and such other money market instruments as may be designated by the Boards of Trustees of the Funds.

The "purchase or sale of a security" includes, among other things, the writing of an option to purchase or sell a security.

Copies of the text of the Act and rules thereunder, including Rule 17j-1, are available from the Compliance Officer.

3. Prohibited Transactions

The prohibitions described below will only apply to a transaction in a security in which the designated person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership.

A. Blackout Trading Periods - Access Persons

No Access Person shall execute a securities transaction on a day during which the Funds have a pending buy or sell order in that same security until that order is executed or withdrawn. Any profits realized on trades within the proscribed periods are required to be disgorged to the Funds.

B. Ban on Short-Term Trading Profits and Market Timing- Investment Personnel

Investment Personnel may not profit in the purchase and sale, or sale and purchase, of the same (or equivalent) securities within 30 calendar days. Any profits realized on such short-term trades are required to be disgorged to the Funds. Investment Personnel are prohibited from engaging in "market timing" activities, except as may be permitted by applicable law. Market timing refers to the frequent trading of shares in response to short-term market fluctuations in order to take advantage of the discrepancy between a fund's official price, set once a day, and the value of its underlying securities.

C. Ban on Securities Purchases of an Initial Public Offering - Investment Personnel

Investment Personnel may not acquire any securities in an initial public offering without the prior written consent of the Compliance Officer. The Compliance Officer is required to retain a record of the approval of, and the rationale supporting, any direct or indirect acquisition by Investment Personnel of a beneficial interest in securities in an IPO. Furthermore, should written consent of the Funds be given, Investment Personnel are required to disclose such investment when participating in the Funds' subsequent consideration of an investment in such issuer. In such circumstances, the Funds' decision to purchase securities of the issuer should be subject to an independent review by Investment Personnel of the Funds with no personal interest in the issuer.

D. Securities Offered in a Private Offering - Investment Personnel

Investment Personnel may not acquire any securities in a private offering without the prior written consent of the Compliance Officer. The Compliance Officer is required to retain a record of the approval of, and the rationale supporting, any direct or indirect acquisition by Investment Personnel of a beneficial interest in securities in a private offering. Furthermore, should written consent of the Funds be given, Investment Personnel are required to disclose such investment when participating in the Funds' subsequent consideration of an investment in such issuer. In such circumstances, the Funds' decision to purchase securities of the issuer should be subject to an independent review by Investment Personnel of the Funds with no personal interest in the issuer.

4. Exempted Transactions

A. Subject to compliance with preclearance procedures in accordance with Section 5 below, the prohibitions of Sections 3A and 3B of this Code shall not apply to:

(i) Purchases or sales effected in any account over which the Access Person has no direct or indirect influence or control, or in any account of the Access Person which is managed on a discretionary basis by a person other than such Access Person and with respect to which such Access Person does not in fact influence or control such transactions.

(ii) Purchases or sales of securities which are not eligible for purchase or sale by the Funds.

(iii) Purchases or sales which are nonvolitional on the part of either the Access Person or the Funds.

(iv) Transactions which are part of an automatic investment plan.

(v) Purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of such rights so acquired.

(vi) U.S. Treasury or government securities.

(vii) Unaffiliated open-end mutual funds or unit investment trusts invested exclusively in unaffiliated open-end mutual funds.

(viii) Money market funds or money market instruments, such as bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments.

(ix) All other transactions contemplated by Access Persons which receive the prior approval of the Compliance Officer in accordance with the preclearance procedures described in Section 5 below. Purchases or sales of specific securities may receive the prior approval of the Compliance Officer because the Compliance Officer has determined that no abuse is involved and that such purchases and sales would be very unlikely to have any economic impact on the Funds or on the Funds' ability to purchase or sell such securities.

B. Notwithstanding Section 4A(ix), the prohibition in Section 3A shall not apply to Disinterested Trustees, unless a Disinterested Trustee, at the time of a transaction, knew or, in the ordinary course of fulfilling his or her official duties as a trustee of the Funds, should have known that the Funds had a pending buy or sell order in that same security, which order had not yet been executed or withdrawn.

C. A transaction by Access Persons (other than Investment Personnel) inadvertently effected during the period proscribed in Section 3A will not be considered a violation of the Code and disgorgement will not be required so long as the transaction was effected in accordance with the preclearance procedures described in Section 5 and without prior knowledge of any Fund trading.

D. Notwithstanding Section 4A(ix), the prohibition in Section 3C shall not apply to profits earned from transactions in securities which securities are not the same (or equivalent) to those owned, shorted or in any way traded by the Funds during the 30-day period; provided, however, that if the Compliance Officer determines that a review of the Access Person's reported personal securities transactions indicates an abusive pattern of short-term trading, the Compliance Officer may prohibit such Access Person from profiting in the purchase and sale, or sale and purchase, of the same (or equivalent) securities within 30 calendar days whether or not such security is the same (or equivalent) to that owned, shorted or in any way traded by the Funds.

5. Preclearance

Access Persons (other than Disinterested Trustees) must preclear all personal investments in securities. All requests for preclearance must be submitted to the Compliance Officer (or to the President of the Adviser in the case of the Compliance Officer's request). Such requests shall be made by submitting a Personal Investment Request Form, in the form annexed hereto as Appendix A. All approved orders must be executed by the close of business on the day preclearance is granted. If any order is not timely executed, a request for preclearance must be resubmitted.

Disinterested Trustees need not preclear their personal investments in securities unless a Disinterested Trustee knows, or in the course of fulfilling his or her official duties as a Disinterested Trustee should know, that, within the most recent 15 days, the Funds have purchased or sold, or considered for purchase or sale, such security or is proposing to purchase or sell, directly or indirectly, any security in which the Disinterested Trustee has, or by reason of such transaction would acquire, any direct or indirect beneficial ownership.

6. Reporting

A. Access Persons (other than Disinterested Trustees) are required to direct their broker(s) to supply to the Compliance Officer no later than 30 days after the end of the applicable calendar quarter duplicate copies of confirmations of all personal securities transactions and copies of periodic statements for all securities accounts. Access Persons (other than Disinterested Trustees) of the Funds should direct their broker(s) to transmit to the Compliance Officer of the Adviser duplicate confirmations of all transactions effected by such Access Person, and copies of the statements of such brokerage accounts, whether existing currently or to be established in the future. The transaction reports and/or duplicates should be addressed "Personal and Confidential." The report submitted to the Compliance Officer may contain a statement that the report shall not be construed as an admission by the person making such report that he or she has any direct or indirect beneficial ownership in the security to which the report relates. Compliance with this Code requirement will be deemed to satisfy the reporting requirements imposed on Access Persons under Rule 17j-1(d).

B. A Disinterested Trustee shall report to the Compliance Officer, no later than 30 days after the end of the calendar quarter in which the transaction to which the report relates was effected, the information required in Appendix B hereto with respect to any securities transaction in which such Disinterested Trustee has, or by reason of such transaction acquires, any direct or indirect beneficial ownership in a security that such Disinterested Trustee knew, or in the course of fulfilling his or her official duties as a trustee should have known, during the 15-day period immediately preceding or after the date of the transaction by the Disinterested Trustee, to have been purchased or sold by the Funds or considered for purchase or sale by the Funds. With respect to those transactions executed through a broker, a Disinterested Trustee of the Funds may fulfill this requirement by directing the broker(s) to transmit to the Compliance Officer a duplicate of confirmations of such transactions, and copies of the statements of such brokerage accounts, whether existing currently or to be established in the future. The transaction reports and/or duplicates should be addressed "Personal and Confidential." The report submitted to the Compliance Officer may contain a statement that the report shall not be construed as an admission by the person making such report that he or she has any direct or indirect beneficial ownership in the security to which the report relates. Transactions effected for any account over which a Disinterested Trustee does not have any direct or indirect influence or control, or which is managed on a discretionary basis by a person other than the Disinterested Trustee and with respect to which such Disinterested Trustee does not in fact influence or control such transactions, need not be reported. Further, transactions in securities which are not eligible for purchase or sale by the Funds of which such person is a Disinterested Trustee need not be reported.

C. Whenever an Access Person recommends that the Funds purchase or sell a security, he or she shall disclose whether he or she presently owns such security, or whether he or she is considering its purchase or sale.

D. On a quarterly basis, no later than 30 days after the end of each calendar quarter, Access Persons (other than Disinterested Trustees) will disclose all personal securities transactions as provided on Appendix B. In addition, each Access Person will be required to provide an initial holdings report listing all securities beneficially owned by him or her no later than 10 days after becoming an Access Person (which information must be current as of a date no more than 45 days before he or she became an Access Person) as well as an annual holdings report containing similar information that must be current as of a date no more than 45 days before the report is submitted. On an annual basis Access Persons (other than Disinterested Trustees) will be sent a copy of the Funds' statement of such Access Person's personal securities accounts to verify its accuracy and make any necessary additions or deletions.

E. The Compliance Officer is required to review all transaction and holdings reports submitted by Access Persons and the Funds must maintain a list of the name(s) of such persons responsible for such reviews.

F. All personal investment matters discussed with the Compliance Officer and all confirmations, account statements and personal investment reports shall be kept in confidence, but will be available for inspection by the Boards of Trustees of the Funds and the President of the Adviser for which such person is an Access Person, and by the appropriate regulatory agencies.

G. The Adviser is required, at least once a year, to provide the Funds' Boards with a written report that (1) describes issues that arose during the previous year under the Code or procedures applicable to the Funds, including, but not limited to, information about material Code or procedures violations and sanctions imposed in response to those material violations and (2) certifies to the Funds' Boards that the Funds have adopted procedures reasonably necessary to prevent their Access Persons from violating their Code of Ethics.

7. Annual Certification

On an annual basis, Access Persons will be sent a copy of this Code for their review. Access Persons will be asked to certify that they have read and understand this Code and recognize that they are subject hereto. Access Persons will be further asked to certify annually that they have complied with the requirements of this Code and that they have disclosed or reported all personal securities transactions required to be disclosed or reported pursuant to this Code. A sample of the certification is attached as Appendix C.

8. Confidential Status of the Funds' Portfolio

The current portfolio positions of the Funds managed, advised and/or administered by the Adviser and current portfolio transactions, programs and analyses must be kept confidential.

If nonpublic information regarding the Funds' portfolio should become known to any Access Person, whether in the course of his or her duties or otherwise, he or she should not reveal it to anyone unless it is properly part of his or her work to do so.

If anyone is asked about the Funds' portfolio or whether a security has been sold or bought, his or her reply should be that this is an improper question and that this answer does not mean that the Funds have bought, sold or retained the particular security. Reference, however, may, of course, be made to the latest published report of the Funds' portfolio.

9. Nonpublic Material Information

From time to time, the Adviser will circulate and discuss with Access Persons the latest administrative and judicial decisions regarding the absolute prohibition against the use of nonpublic material information, also known as "inside information." In view of the many forms in which the subject can arise, the Fund urges that a careful and conservative approach must prevail and no action should be taken where "inside information" may be involved without a thorough review by the Compliance Officer.

Material inside information is any information about a company or the market for the company's securities which has come directly or indirectly from the company and which has not been disclosed generally to the marketplace, the dissemination of which is likely to affect the market price of any of the company's securities or is likely to be considered important by reasonable investors, including reasonable speculative investors, in determining whether to trade in such securities.

Information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, etc.

"Inside information" is information that has not been publicly disclosed. Information received about a company under circumstances which indicate that it is not yet in general circulation and that it may be attributable, directly or indirectly, to the company (or its insiders) should be deemed to be inside information.

Whenever an Access Person receives material information about a company which he or she knows or has reason to believe is directly or indirectly attributable to such company (or its insiders), the Access Person must determine that the information is public before trading or recommending trading on the basis of such information or before divulging such information to any person who is not an employee of the Adviser or a party to the transaction. As a rule, one should be able to point to some fact to show that the information is generally available; for example, its announcement on the broad tape or by Reuters, The Wall Street Journal or trade publications. If the Access Person has any question whatsoever as to whether the information is material or whether it is inside and not public, he or she must resolve the question before trading, recommending trading or divulging the information. If any doubt at all remains, the Access Person must consult with the Compliance Officer.

10. Gifts - Investment Personnel

Investment Personnel shall not receive any gift or other item having a value in excess of $300 per year from any person or entity that does business with or on behalf of the Funds. However, Investment Personnel may also occasionally accept or provide reasonable business meals and entertainment, consistent with customary business practice, which are neither so frequent nor so extensive as to raise any question of propriety and are not preconditioned on a “quid pro quo” business relationship.

11. Services as a Director in a Publicly Traded Company - Investment Personnel

Investment Personnel shall not serve on the boards of directors of publicly traded companies, absent prior authorization by the Funds’ Boards of Trustees, based upon a determination that the board service would be consistent with the interests of the Funds and their shareholders. When such authorization is provided, the Investment Personnel serving as a director will be isolated from making investment decisions with respect to the pertinent company through “Chinese Wall” or other procedures.

12. Compliance Review

The Compliance Officer shall compare the reported personal securities transactions with completed and contemplated portfolio transactions of the Funds to determine whether a violation of this Code may have occurred. Before making any determination that a violation has been committed by any person, the Compliance Officer shall give such person an opportunity to supply additional information regarding the transaction in question.

13. Report of Violations

Access Persons of the Funds must promptly report any violations of this Code by to the Compliance Officer.

14. Sanctions

The Boards of Trustees of the Funds will be informed of Code violations on a quarterly basis and may impose such sanctions as it deems appropriate, including among other things, a letter of censure or suspension or termination of employment of the Access Person or a request for disgorgement of any profits received from a securities transaction done in violation of this Code.

15. Funds Boards of Trustees Review

Annually, the Funds' Boards of Trustees shall receive the following:

A. A copy of the existing Code of Ethics.

B. A report completed by the Compliance Officer identifying any violations requiring significant remedial action during the past year and as more fully set forth under Section 6G above.

C. A list of recommendations, if any, to change the existing Code of Ethics based upon experience, evolving industry practices or developments in applicable laws or regulations.

The Funds' Boards of Trustees, including a majority of the independent Trustees, shall approve this Code of Ethics, as well as any material changes thereto within six months of any such change. The Boards shall base their approval of the Code, or of such material change to the Code, upon a determination that the Code contains provisions reasonably necessary to prevent Access Persons from violating the anti-fraud provisions of the Act.

APPENDIX A

THE MERGER FUND
THE MERGER FUND VL
100 SUMMIT LAKE DRIVE, VALHALLA, NY 10595
(914) 741-5600 FAX (914) 741-5737

TO: Roy Behren

FROM: ________________________________

DATE: ________________________________

RE: CLEARANCE FOR TRADING

This is to request permission to effect the following trade(s):

____
____
____
____
____
____

Approved __________

Denied __________

Date: __________ ________________________________
Roy Behren, Compliance Officer

APPENDIX B

Personal Investment Report

Report of Securities Purchased/Sold

Name: Quarter Ended:

Security (including the exchange ticker symbol or CUSIP number)	Type of Transaction	Date of Transaction	Price Per Share	Number of Shares	Aggregate Price	Name of Broker, Dealer or Bank

This report shall not be deemed an admission that the person filing such report has any direct or indirect beneficial ownership of the securities listed hereon.

ACCEPTED: ______________________________ DATE: ________________________

APPENDIX C

Date________________________

To Whom It May Concern:

I hereby certify that I have read and understand (i) the Code of Ethics of The Merger Fund and The Merger Fund VL and (ii) the Code of Ethics of Westchester Capital Management, Inc., as applicable, and recognize that I am subject to the requirements therein. I hereby certify that I have complied with the requirements of (i) the Code of Ethics of The Merger Fund and The Merger Fund VL and (ii) the Code of Ethics of Westchester Capital Management, Inc., as applicable.

I hereby verify that the quarterly transaction reports that I have previously submitted pursuant to the applicable Code represent all of my personal securities transactions for the applicable periods during the twelve-month period ended September 30, 20__.

____
Signature

____
Print Name

WESTCHESTER CAPITAL MANAGEMENT, INC.
CODE OF ETHICS

1. Statement of General Principles

This Code of Ethics expresses the policy and procedures of Westchester Capital Management, Inc., its affiliates and subsidiaries ("Westchester" or the "Adviser") and is enforced to ensure that no one is taking advantage of his or her position, or even giving the appearance of placing his or her own interests above those of the Funds (as defined herein). Westchester personnel at all levels must act as fiduciaries, and as such must place the interests of the shareholders of the Funds before their own. Thus, we ask that when contemplating any personal transaction you ask yourself what you would expect or demand if you were a shareholder of the Funds.

Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act") is designed to prevent fraud by reinforcing fiduciary principles that must govern the conduct of advisory firms and their personnel. In compliance with Rule 204A-1, this Code contains provisions that are believed to be reasonably necessary to eliminate the possibility of any fraudulent or other prohibited conduct. We ask that all Westchester personnel follow not only the letter of this Code but also abide by the spirit of this Code and the principles articulated herein. In addition, all Supervised Persons of the Adviser must comply with all applicable federal securities laws. Supervised Persons are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

(a) To defraud a client in any manner;

(b) To mislead a client, including by making a statement that omits material facts;

(c) To engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon a client;

(d) To engage in any manipulative practice with respect to a client; or

(e) To engage in any manipulative practice with respect to securities, including price manipulation.

As a fiduciary, the Adviser has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of its clients. Supervised Persons should try to avoid conflicts of interest and fully disclose all material facts concerning any conflict that does arise with respect to a client. Supervised Persons should try to avoid situations that have even the appearance of conflict or impropriety.

2. Definitions

"Access Person" of the Adviser shall mean any Supervised Person (i) who has access to nonpublic information regarding any client's purchase or sale of securities, or nonpublic information regarding the portfolio holdings of a Reportable Fund or (ii) who is involved in making securities recommendations to clients or who has access to such recommendations that are nonpublic.

"Adviser" shall mean Westchester, or such other entity as may act as adviser or sub-adviser to the Funds.

The term "beneficial ownership" shall be interpreted in the same manner as it would be in determining whether a person has beneficial ownership of a security for purposes of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder, except that any required report may contain a statement that the report will not be construed as an admission that the person making the report has any direct or indirect beneficial ownership in the security to which the report relates.

"Compliance Officer" shall mean one or more persons designated by the Fund to perform the functions described herein.

"Control" shall have the same meaning as that set forth in Section 2(a)(9) of the Investment Company Act of 1940, as amended (the "Act").

"Funds" shall mean any investment company, registered as such under the Act, for which Westchester acts as investment adviser or sub-investment adviser.

"Investment Personnel" of the Adviser shall mean (i) any employee of the Adviser (or of any company in a control relationship to the Adviser) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by the Funds and (ii) any natural person who controls the Adviser and who obtains information concerning recommendations made to the Funds regarding the purchase or sale of securities by the Funds. Investment Personnel includes the Funds' Portfolio Managers and those persons who provide information and advice to the Portfolio Managers or who help execute the Portfolio Managers' decisions (e.g., securities analysts and traders).

"Portfolio Managers" of the Funds shall mean those persons who have direct responsibility and authority to make investment decisions for the Funds.

"Reportable Fund" shall mean (i) any fund for which the Adviser serves as an investment adviser as defined in Section 2(a)(20) of the Act or (ii) any fund whose investment adviser controls the Adviser, is controlled by the Adviser, or is under common control with the Adviser.

The term "reportable security" shall mean a security as defined in Section 202(a)(18) of the Advisers Act, but shall not include direct obligations of the government of the United States; bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; shares of money market funds; shares issued by open-end funds other than Reportable Funds; and shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are Reportable Funds.

The "purchase or sale of a security" includes, among other things, the writing of an option to purchase or sell a security.

"Supervised Person" of the Adviser shall mean any partner, officer, director (or other person occupying a similar status or performing similar functions) and employee, as well as any other person who provides investment advice on behalf of the Adviser and is subject to the Adviser's supervision and control.

Copies of the text of the Advisers Act and rules thereunder, including Rule 204A-1, are available from the Compliance Officer.

3. Prohibited Transactions

The prohibitions described below will only apply to a transaction in a security in which the designated person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership.

A. Blackout Trading Periods - Access Persons

No Access Person shall execute a securities transaction on a day during which the Funds have a pending buy or sell order in that same security until that order is executed or withdrawn. Any profits realized on trades within the proscribed periods are required to be disgorged to the Funds.

B. Ban on Short-Term Trading Profits and Market Timing- Access Persons

Access Persons may not profit in the purchase and sale, or sale and purchase, of the same (or equivalent) securities within 30 calendar days. Any profits realized on such short-term trades are required to be disgorged to the Funds. Investment Personnel are prohibited from engaging in "market timing" activities, except as may be permitted by applicable law. Market timing refers to the frequent trading of shares in response to short-term market fluctuations in order to take advantage of the discrepancy between a fund's official price, set once a day, and the value of its underlying securities.

C. Ban on Securities Purchases of an Initial Public Offering - Access Persons

Access Persons may not acquire any securities in an initial public offering without the prior written consent of the Compliance Officer. The Compliance Officer is required to retain a record of the approval of, and the rationale supporting, any direct or indirect acquisition by Access Persons of a beneficial interest in securities in an IPO. Furthermore, should written consent of the Adviser be given, Access Persons are required to disclose such investment when participating in the Funds' subsequent consideration of an investment in such issuer. In such circumstances, the Funds' decision to purchase securities of the issuer should be subject to an independent review by Access Persons of the Adviser with no personal interest in the issuer.

D. Securities Offered in a Private Offering - Access Persons

Access Persons may not acquire any securities in a private offering without the prior written consent of the Compliance Officer. The Compliance Officer is required to retain a record of the approval of, and the rationale supporting, any direct or indirect acquisition by Access Persons of a beneficial interest in securities in a private offering. Furthermore, should written consent of the Adviser be given, Access Persons are required to disclose such investment when participating in the Funds' subsequent consideration of an investment in such issuer. In such circumstances, the Funds' decision to purchase securities of the issuer should be subject to an independent review by Access Persons of the Adviser with no personal interest in the issuer.

4. Exempted Transactions

A. Subject to compliance with preclearance procedures in accordance with Section 5 below, the prohibitions of Sections 3A and 3B of this Code shall not apply to:

(i) Purchases or sales effected in any account over which the Access Person has no direct or indirect influence or control, or in any account of the Access Person which is managed on a discretionary basis by a person other than such Access Person and with respect to which such Access Person does not in fact influence or control such transactions.

(ii) Purchases or sales of securities which are not eligible for purchase or sale by the Funds.

(iii) Purchases or sales which are nonvolitional on the part of either the Access Person or the Funds.

(iv) Transactions which are part of an automatic investment plan.

(v) Purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of such rights so acquired.

(vi) U.S. Treasury or government securities.

(vii) Unaffiliated open-end mutual funds or unit investment trusts invested exclusively in unaffiliated open-end mutual funds.

(viii) Money market funds or money market instruments, such as bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments.

(ix) All other transactions contemplated by Access Persons which receive the prior approval of the Compliance Officer in accordance with the preclearance procedures described in Section 5 below. Purchases or sales of specific securities may receive the prior approval of the Compliance Officer because the Compliance Officer has determined that no abuse is involved and that such purchases and sales would be very unlikely to have any economic impact on the Funds or on the Funds' ability to purchase or sell such securities.

B. A transaction by Access Persons (other than Investment Personnel) inadvertently effected during the period proscribed in Section 3A will not be considered a violation of the Code and disgorgement will not be required so long as the transaction was effected in accordance with the preclearance procedures described in Section 5 and without prior knowledge of any Fund trading.

C. Notwithstanding Section 4A(ix), the prohibition in Section 3B shall not apply to profits earned from transactions in securities which securities are not the same (or equivalent) to those owned, shorted or in any way traded by the Funds during the 30-day period; provided, however, that if the Compliance Officer determines that a review of the Access Person's reported personal securities transactions indicates an abusive pattern of short-term trading, the Compliance Officer may prohibit such Access Person from profiting in the purchase and sale, or sale and purchase, of the same (or equivalent) securities within 30 calendar days whether or not such security is the same (or equivalent) to that owned, shorted or in any way traded by the Funds.

5. Preclearance

Access Persons must preclear all personal investments in securities. All requests for preclearance must be submitted to the Compliance Officer (or to the President of the Adviser in the case of the Compliance Officer's request). Such requests shall be made by submitting a Personal Investment Request Form, in the form annexed hereto as Appendix A. All approved orders must be executed by the close of business on the day preclearance is granted. If any order is not timely executed, a request for preclearance must be resubmitted.

6. Reporting

A. Access Persons are required to direct their broker(s) to supply to the Compliance Officer no later than 30 days after the end of the applicable calendar quarter duplicate copies of confirmations of all personal securities transactions and copies of periodic statements for all securities accounts. Access Persons of the Funds should direct their broker(s) to transmit to the Compliance Officer of the Adviser duplicate confirmations of all transactions effected by such Access Person, and copies of the statements of such brokerage accounts, whether existing currently or to be established in the future. The transaction reports and/or duplicates should be addressed "Personal and Confidential." The report submitted to the Compliance Officer may contain a statement that the report shall not be construed as an admission by the person making such report that he or she has any direct or indirect beneficial ownership in the security to which the report relates. Compliance with this Code requirement will be deemed to satisfy the reporting requirements imposed on Access Persons under Rule 204A-1(b).

B. Whenever an Access Person recommends that the Funds purchase or sell a security, he or she shall disclose whether he or she presently owns such security, or whether he or she is considering its purchase or sale.

C. On a quarterly basis, no later than 30 days after the end of each calendar quarter, Access Persons will disclose all personal securities transactions as provided on Appendix B. In addition, each Access Person will be required to provide an initial holdings report listing all securities beneficially owned by him or her no later than 10 days after becoming an Access Person (which information must be current as of a date no more than 45 days before he or she became an Access Person) as well as an annual holdings report containing similar information that must be current as of a date no more than 45 days before the report is submitted. On an annual basis Access Persons will be sent a copy of the Adviser's statement of such Access Person's personal securities accounts to verify its accuracy and make any necessary additions or deletions.

D. The Compliance Officer is required to review all transaction and holdings reports submitted by Access Persons and the Adviser must maintain a list of the name(s) of such persons responsible for such reviews.

E. All personal investment matters discussed with the Compliance Officer and all confirmations, account statements and personal investment reports shall be kept in confidence, but will be available for inspection by the President of the Adviser and by the appropriate regulatory agencies.

F. The Adviser is required, at least once a year, to provide the Funds' Boards with a written report that (1) describes issues that arose during the previous year under the Code or procedures applicable to the Funds, including, but not limited to, information about material Code or procedures violations and sanctions imposed in response to those material violations and (2) certifies to the Funds' Boards that the Funds have adopted procedures reasonably necessary to prevent their Access Persons from violating their Code of Ethics.

7. Annual Certification

On an annual basis, Access Persons will be sent a copy of this Code for their review. Access Persons will be asked to certify that they have read and understand this Code and recognize that they are subject hereto. Access Persons will be further asked to certify annually that they have complied with the requirements of this Code and that they have disclosed or reported all personal securities transactions required to be disclosed or reported pursuant to this Code. A sample of the certification is attached as Appendix C.

8. Confidential Status of the Funds' Portfolio

The current portfolio positions of the Funds managed, advised and/or administered by the Adviser and current portfolio transactions, programs and analyses must be kept confidential.

If nonpublic information regarding the Funds' portfolio should become known to any Access Person, whether in the course of his or her duties or otherwise, he or she should not reveal it to anyone unless it is properly part of his or her work to do so.

If anyone is asked about the Funds' portfolio or whether a security has been sold or bought, his or her reply should be that this is an improper question and that this answer does not mean that the Funds have bought, sold or retained the particular security. Reference, however, may, of course, be made to the latest published report of the Funds' portfolio.

9. Nonpublic Material Information

From time to time, the Adviser will circulate and discuss with Access Persons the latest administrative and judicial decisions regarding the absolute prohibition against the use of nonpublic material information, also known as “inside information.” In view of the many forms in which the subject can arise, the Adviser urges that a careful and conservative approach must prevail and no action should be taken where “inside information” may be involved without a thorough review by the Compliance Officer.

Material inside information is any information about a company or the market for the company’s securities which has come directly or indirectly from the company and which has not been disclosed generally to the marketplace, the dissemination of which is likely to affect the market price of any of the company’s securities or is likely to be considered important by reasonable investors, including reasonable speculative investors, in determining whether to trade in such securities.

Information should be presumed “material” if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, etc.

“Inside information” is information that has not been publicly disclosed. Information received about a company under circumstances which indicate that it is not yet in general circulation and that it may be attributable, directly or indirectly, to the company (or its insiders) should be deemed to be inside information.

Whenever an Access Person receives material information about a company which he or she knows or has reason to believe is directly or indirectly attributable to such company (or its insiders), the Access Person must determine that the information is public before trading or recommending trading on the basis of such information or before divulging such information to any person who is not an employee of the Adviser or a party to the transaction. As a rule, one should be able to point to some fact to show that the information is generally available; for example, its announcement on the broad tape or by Reuters, The Wall Street Journal or trade publications. If the Access Person has any question whatsoever as to whether the information is material or whether it is inside and not public, he or she must resolve the question before trading, recommending trading or divulging the information. If any doubt at all remains, the Access Person must consult with the Compliance Officer.

10. Gifts - Supervised Persons

Supervised Persons shall not receive any gift or other item having a value in excess of $300 per year from any person or entity that does business with or on behalf of the Funds. However, Supervised Persons may also occasionally accept or provide reasonable business meals and entertainment, consistent with customary business practice, which are neither so frequent nor so extensive as to raise any question of propriety and are not preconditioned on a “quid pro quo” business relationship.

11. Services as a Director in a Publicly Traded Company - Access Persons

Access Persons shall not serve on the boards of directors of publicly traded companies, absent prior authorization by the Compliance Officer, based upon a determination that the board service would be consistent with the interests of the Funds and their shareholders. When such authorization is provided, the Access Person serving as a director will be isolated from making investment decisions with respect to the pertinent company through “Chinese Wall” or other procedures.

12. Compliance Review

The Compliance Officer shall compare the reported personal securities transactions with completed and contemplated portfolio transactions of the Funds to determine whether a violation of this Code may have occurred. Before making any determination that a violation has been committed by any person, the Compliance Officer shall give such person an opportunity to supply additional information regarding the transaction in question.

13. Report of Violations

Supervised Persons of the Adviser must promptly report any violations of this Code to the Compliance Officer.

14. Sanctions

The President of the Adviser will be informed promptly of Code violations and may impose such sanctions as he or she deems appropriate, including among other things a letter of censure or suspension or termination of employment of the Access Person or a request for disgorgement of any profits received from a securities transaction done in violation of this Code.

15. Funds Boards of Trustees Review

Annually, the Funds’ Boards of Trustees shall receive the following:

A. A copy of the existing Code of Ethics.

B. A report completed by the Compliance Officer identifying any violations requiring significant remedial action during the past year and as more fully set forth under Section 6F above.

C. A list of recommendations, if any, to change the existing Code of Ethics based upon experience, evolving industry practices or developments in applicable laws or regulations.

The Funds' Boards of Trustees, including a majority of the independent Trustees, shall approve this Code of Ethics, as well as any material changes thereto within six months of any such change. The Boards shall base their approval of the Code, or of such material change to the Code, upon a determination that the Code contains provisions reasonably necessary to prevent Access Persons from violating the anti-fraud provisions of the Advisers Act.

APPENDIX A

WESTCHESTER CAPITAL MANAGEMENT, INC.
100 SUMMIT LAKE DRIVE, VALHALLA, NY 10595
(914) 741-5600 FAX (914) 741-5737

TO: Roy Behren

FROM: ______________________________

DATE: ______________________________

RE: CLEARANCE FOR TRADING

This is to request permission to effect the following trade(s):

____
____
____
____
____
____
____
____
____
____
____
____

Approved ____________

Denied ____________

Date: ____________

____
Roy Behren, Compliance Officer

APPENDIX B

Personal Investment Report

Report of Securities Purchased/Sold

Name: Quarter Ended:

Security (including the exchange ticker symbol or CUSIP number)	Type of Transaction	Date of Transaction	Price Per Share	Number of Shares	Aggregate Price	Name of Broker, Dealer or Bank

This report shall not be deemed an admission that the person filing such report has any direct or indirect beneficial ownership of the securities listed hereon.

ACCEPTED: ______________ DATE: ___________________________________

APPENDIX C

Date________________________

To Whom It May Concern:

I hereby certify that I have read and understand (i) the Code of Ethics of The Merger Fund and The Merger Fund VL and (ii) the Code of Ethics of Westchester Capital Management, Inc., as applicable, and recognize that I am subject to the requirements therein. I hereby certify that I have complied with the requirements of (i) the Code of Ethics of The Merger Fund and The Merger Fund VL and (ii) the Code of Ethics of Westchester Capital Management, Inc., as applicable.

I hereby verify that the quarterly transaction reports that I have previously submitted pursuant to the applicable Code represent all of my personal securities transactions for the applicable periods during the twelve-month period ended September 30, 20__.

____
Signature

____
Print Name

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